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FINANCIAL MANAGEMENT

MAY, 1935



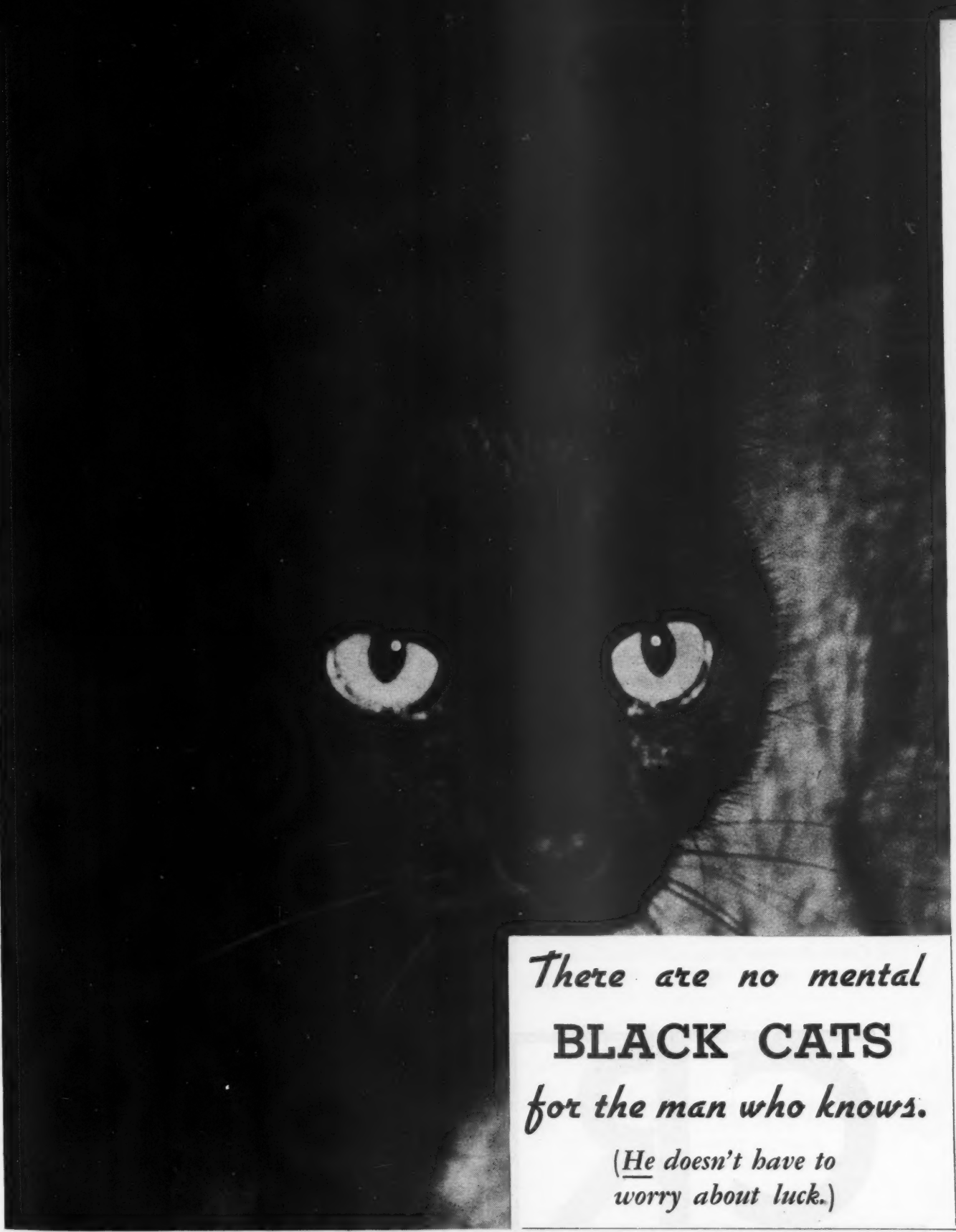
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"As ithers see us"

It is reported by an American writer, returned from Europe, that the Dictator of one country recently had been overheard by one of his sub-officials, during a loud argument. It seemed to be a strong debate between two resolute and determined men. His curiosity aroused, the sub-official found occasion to take some state papers to the Dictator's desk.

Upon knocking at the door, he was told to enter. But within there was only one man—the Dictator himself.

Yet the heated conversation he had overheard concerned itself with such phrases as "you are an enemy of the people," "your policies are not realistic," "you are attacking surface blemishes, forgetting basic ills," and other phrases of reproach. Since there was only one door to the private office of the Dictator, no one could have left without the sub-official seeing him.

Had the Dictator, then, been debating with himself? He had!

There is forever a necessity on the part of men of action to take counsel with their critics. Unfortunately, success too often weakens the ability to take criticism or the interest to hear it. Nevertheless, criticism is indicative of some degree of dissatisfaction. And, accordingly, self-criticism is usually of the utmost importance.

This is not a plea for Dictatorship. But it is a plea for self-criticism on the part of business. The current holding company dispute, for instance, is merely another reminder of the fact that some business policies have needed correction. We, who are engaged in business, should recognize that there are practices within our own field that deserve critical analysis.

Today, it seems to be the wont of legislators in state and national bodies to favor bills curbing business in one way or another. Legislators are notoriously pragmatic. To hold their jobs they must know the public pulse-beat. Consequently, it must be realized that there is considerable sentiment against some business practices. One of these is a certain type of advertising.

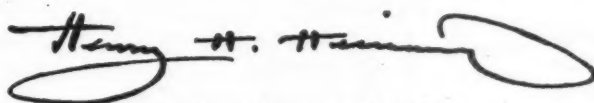
Wild exaggeration of facts, impossible deductions, and "kindergarten appeals," used in an endeavor to merchandise products, have gone beyond the bounds of good judgment at times. Such advertising appeals as are employed by some of our business units are not conducive to inspiring confidence in business announcements generally. Short term advantages, no doubt, can be gained by stretching facts and by appealing use of the vocabulary. But they do not develop confidence in business for "the long pull."

When the profit motive is being attacked, business organizations need the confidence of the public. It isn't so easily held in the face of the silly and oftentimes exaggerated claims made by some business houses for their industrial products.

It hasn't been so many centuries since business was largely confined to people whose standing in society was below that of those engaged in the profession and the arts. They were snubbingly referred to as being "in trade." Since the industrial revolution, the world has witnessed a tremendous development. Modern business has been the cause of improved world standards of living. It has contributed tremendously to human welfare. And today business men are recognized everywhere as the nation's leaders.

It may be borrowing trouble to look ahead over a long period of time but it strikes me that a return to more conservative distribution appeals would be in order today. If the movement were national it could not help but build good will for business and if the advertising for industrial products were confined more to sound reasoning than to panacea claim, it would undoubtedly have a more highly educational value.

Let us not forget that in our enthusiasm we may fall into "over-emphasis," justifiable to us but seemingly exaggerated in the sight of others.



Executive Manager, N.A.C.M.

Form letters are taboo? No, says this Credit Man

"Form letters have an advantage over dictated letters, if the form letters are written into a regular series with each letter forming a definite objective."

By LEO SORENSON,
Credit Manager, George
Ziegler Co., Milwaukee

EN The majority of business houses pay their bills without any kind of reminder, but it would be a strange business world indeed, if we did not need to ask anyone to settle up.

Requests for payment can be made through three channels only:

1. By salesmen or other direct representatives of the seller.
2. By telephone from the seller's credit and collection department.
3. By mail.

Each of these contacts have definite advantages and all are used by the ingenious collection manager who plans his attack on the broadest front possible.

But the debtor may be out when a representative calls and phone calls are limited by the cost of reaching distant points.

So the backbone of any collection system must necessarily fall on collection letters and it is imperative that each letter be carefully planned to fulfill a definite scheme for getting the payment.

Payments are withheld for one or more of the following reasons:

1. Lack of funds.
 - a. Temporary shortage of cash.
 - b. An insolvent condition of the debtor.
2. Neglect.
3. Dissatisfaction with goods, terms, or prices.
4. Misunderstanding of terms or prices.
5. Habitual slowness.
6. Dishonesty.

A collection letter should, like a salesman's talk, anticipate the debtor's reason for withholding payment and settle it before it becomes an issue. In writing a series of letters each of the above

points must be met in one or more of the letters.

A collection letter should never be argumentative for, by opening the way for a dispute, you play into the hands of the habitually slow payer who eagerly grasps the opportunity to delay payment while he disputes some statement made in a hastily written letter.

The letter should be constructive by pointing out the advantages to the debtor when the bill is paid rather than the gloomy, discouraging consequences of failure to pay.

A series of letters should be planned so some letter covers each of the above points for, if a man is withholding payment because of dissatisfaction, reminders and threats will only crystallize his determination that he will not pay until a satisfactory adjustment is made.

For this reason form letters have an advantage over dictated letters if the form letters are written into a regular series with each letter filling a definite objective.

So it will be observed that form letters must be changed frequently because their entire force is destroyed if the same debtor receives the same letter some three months apart. It is advisable to rewrite all form letters each thirty days. Also by rewriting frequently the letters can be made seasonal in their approach.

In approaching the customer and persuading him to pay it will be found that appeals may be made

1. To his honor.
2. To his pride.
3. To his sense of fair play.
4. To his sympathy.
5. To his selfishness.
6. To his fear
 - a. Of loss of credit standing.
 - b. Of notoriety.
 - c. Of the legal proceedings.
 - d. Of added costs.

Collection letters must be timed to

reach a man when he is able and willing to pay. It is impossible to know whether your letter will reach him on the morning his coffee was cold or the day his competitor got a big order away from him, but it is possible to be sure the account is brought to his attention right after holiday business or other special occasions are likely to have put him in a position to pay. Also a collection letter should not be sent out when a salesman is expected to call in a day or so. Wait until the salesman has called and either collected or reported the customer's attitude.

Finally it is important to contact a debtor at regular intervals so that pressure is accumulated and full benefits are received from previous letters. Also, just as the debtor is, in this way, never permitted to forget that he owes you a bill, so does it show him that you are genuinely interested in seeing it paid.

On the other hand, if collection efforts are sporadic the debtor feels, "If they are not concerned about the bill more than to think about it once in a while, why should I hurry to pay it?"

The following are examples of letters such as we use which illustrate our systematic approach along the lines above suggested.

1.

Gentlemen:

If you have already mailed a check for the \$—— itemized on the statement we sent you last week
THROW THIS IN THE WASTE BASKET.

If not, we'd be much obliged to have your payment in the enclosed envelope.

Yours truly,

GEORGE ZIEGLER COMPANY.

Note this letter is not signed and is made quite apparently a form reminder only; worded to attract the debtor's attention and remind him to pay. It

covers point number two of the reasons bills are not paid when due.

2.

Gentlemen:

Your name comes to this department included in a list of delinquent accounts prepared by our bookkeeper.

We hasten to drop you a line as, of course, you will want your name off any such lists at once.

The amount is \$_____.

Yours truly,

George Ziegler Company.

Notice this is individually typed and is signed by the credit manager. It is still a courteous reminder with added pressure through an appeal to the debtor's pride.

3.

If we were in your store and were to ask you about your account of \$0000 you would answer us frankly telling us if there is something wrong. We would then get together and settle the account in a mutually satisfactory way.

We have written you several times but do not hear from you in answer. This is unfair to our sincere efforts to keep new bills moving through your account.

Won't you please do us the courtesy of mailing us your check for \$0000 now?

The above letter tries to learn the reason why the account is not paid and promises settlement if payment is withheld for reasons number two and number three. At the same time an appeal is made to the debtor's sense of fair play and to his honor.

We have all, as children, thrilled to the story of Midas, the ancient king, who had the magical power to turn everything he touched into gold.

If Midas were alive we'd hire him to touch your account and turn it into President Roosevelt's revalued dollars.

But, as Midas is not available we call on you. Frankly we must have settlement. Your account must be turned into cash.

The fact that you are on open account is in itself proof of our full confidence in you but we have definite policies for the extension of time and we are now at the limit.

We are counting on you. The amount is \$0000.

Here is a letter designed to catch the attention of the habitually slow pay customer. It contains a definite threat to appeal to him through fear of firmer measures to follow if the account is not paid at once.

As we have received no replies to

our friendly requests for payment of your account of \$0000, we are warranted in placing it with an attorney at once.

But surely you will not make this extreme step necessary to secure payment of an honest obligation from you. It would result in embarrassment, expense, and loss of credit standing to you.

We feel it only fair to let you know the action we are ready to take so you can confirm our good opinion of your integrity by sending a check at once.

We shall hold this open until (ten days) and sincerely hope you will be able to send us a check in the meantime.



Leo Sorenson, Milwaukee, who has made a close study of collective correspondence, presents an interesting argument in favor of the right kind of form letters.

Although this letter follows the fear motive, notice it is constructive in its approach as it emphasizes our continued faith in the customer's integrity. At the same time, it appeals to his fairness and honor in showing him the situation is brought about by his negligence but that an immediate answer can save the situation and maintain his good standing. It is a definite ultimatum to the habitually slow pay customer and tells the dishonest customer that the day of reckoning is at hand.

Notice that in the above letters the pressure on the debtor is constantly increased as succeeding letters become more insistent.

I sometimes look over the accounts that my credit manager is ready to send to an attorney.

Occasionally, I find among them customers who have been friends of

this house for many years. Others are new customers who may not be familiar with our long record for fairness and honesty.

Legal action is troublesome and expensive and in the end no one except the lawyers are ahead. We do not want any trouble or ill-will and I am sure you don't regard such action as necessary to bring a settlement of an honest account from you.

There must be some good reason, then, why you have not paid or made arrangements to pay. If we have done or said anything that hasn't seemed right, won't you please write me personally and accept my apologies?

I have borrowed your account for a few days and will hold it on my desk while I make this personal appeal to you. So let me hear from you and, if you can, enclose at least a payment on account.

Sincerely yours

GEORGE ZIEGLER COMPANY

Andrew I. Ziegler,
Secy-Treasurer.

Here is a letter signed by an officer of the company. If the debtor has been offended and become stubborn, or has a grievance, here is an invitation to unburden his troubles to a responsible executive. The letter is accompanied with a stamped envelope addressed to Mr. Ziegler personally. It is surprising how a letter of this kind brings in the checks when ordinary appeals and threats fall on a deaf ear.

In Chicago there is a club room that is papered with worthless stocks and bonds donated by club members.

It is called the Million Dollar Room—a million dollars in promises not worth the paper they are printed on.

Contrast these wall paper securities with United States bonds that are worth full value always.

In the business world, too, some men's promises can be classed with Uncle Sam's.

On January fifth you arranged with Mr. Salesman to pay your account of \$0000 to us in two weeks. We are depending on you for a check now.

Frequently a customer makes a promise in order to get more time or to gracefully evade settlement when a salesman calls. We appeal to his pride and honor with this follow up.



1935: Credit Interchange Year

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

A credit analyst replies to Mr. Merchant, who seeks loan to help him discount bills

By EUGENE S. BENJAMIN, Formerly Credit Consultant at Irving Trust Company, New York, and Author of "Practical Credit Analysis."

CFM The article in the April issue of Credit & Financial Management, under the caption of "Why Won't Banks Lend Me Money" presents a credit problem from two standpoints which are very apropos at the present time inasmuch as there are a large number of business enterprises which cannot understand why they are not eligible for bank credit.

A Wholesaler presents the balance sheet of a retail hardware business showing an investment of \$20,759.27 and asks the question "Why will this man's bank refuse to loan him \$5,000 to meet his current indebtedness?" A Bank credit man answers the question by stating very properly, "That there is no uniform bankers standpoint for loans; that creating any standard for making loans would eliminate the personal element which is still the important feature in making small loans," and he then proceeds to discuss features as to the case in question which are applicable to all loans and he gives a fair and proper picture of a banker's attitude to this type of loans, such as the one in question, characterizing them as Capital Loans and ending up with the statement "he really needs more permanent capital."

From the standpoint of a Credit Analyst I would like to discuss particularly the criticism that this hardware merchant "needs more permanent capital." The addition of added capital would only temporarily improve this merchant's condition—it would not change the general aspect of the balance sheet nor would it supply the deficiency in the "personal element" or as it is better styled, the Capacity Risk.

This business if it really has over \$20,000, of liquid capital, has more than sufficient to enable it to do a sales volume of \$53,000. In fact it would have

In the April issue we presented the question: "Why won't the bank loan me money?" The question was passed along to us by Mr. James N. Jones, Decatur & Hopkins Company, Boston, as one asked by a customer, a retail merchant.

Last month we presented a reply by Charles H. Parton, of the credit department of the Chase National Bank, New York.

The answer presented herewith is by a man of long experience in credit appraisals, who has written an important book on this subject.

Mr. Benjamin makes the point that Mr. Merchant does not need a bank loan or additional capital.

enough liquid capital for a volume of \$80,000, considering that its credit sales only average about 21 days while its purchase obligations are probably on a basis of 30 to 60 days.

The crux of the matter is that *this hardware merchant has not properly utilized his capital heretofore* and additional capital would still be subject to the same lack of Capacity. This conclusion can be shown by treating his balance sheet through the ordinary test of

the modern methods of credit analysis as shown herewith.

STATEMENT OF A RETAIL HARDWARE MERCHANT MAINTAINING TWO STORES

Cash	600
Receivables	3,600
Merchandise	23,500
	<hr/> 27,700

Liabilities to Trade.....	6,900
Liquid Capital	20,800
All and more in unsold merchandise	
Sales	53,000

OPERATING RATIOS FOR CREDIT PURPOSES

- % Receivables to Sales, 6.8 fair.
- % Merchandise to Sales, 44.3 very bad—at least 19.3 points too great.
- % Merchandise to Liquid Capital, 113. bad.
- % Liabilities to Sales, 13. not excessive.
- % Liabilities to Liquid Capital, 33. not excessive.

Times Turnover of Liquid Capital, 2.5 should have a turnover of 4 times for profit.
Times Turnover of Merchandise, 2.2 should have a turnover of 5 times for profit.

By the use of Trade Standards it has been demonstrated that in a retailing business where the gross mark up does not average more than 50% of cost the merchandise should have a turnover of from five to six times, in order to bring profitable results.

Giving Subject the benefit of all possible doubt, it is clearly shown that the merchandise is worth for the purposes of the business at least \$10,000 less than the valuation placed on it, therefore for *credit purposes* we must recast the statement. We then find:

Current Assets valued at.....	\$17,700
Liabilities	6,900

Leaving a Liquid Capital of only \$10,800

We conclude that the actual capital in use is estimated to be \$10,800 and therefore we use new operating ratios after this revaluation and show that the:

- % Receivables to Sales of 6.8 is fair.
- % Merchandise to Sales of 25.5 is fair only. 20% would be more conservative.
- % Merchandise to Liquid Cap., 125. is bad.
- % Liabilities to Sales of 13. is fair.
- % Liabilities to Liquid Cap., 65. is fair to poor.

(Continued on page 39)

Commercial credit man points to differences between bank and trade credit problems

By WILLIAM BISHOP, Jr.,

Assistant Credit Manager, Graton & Knight Co., Worcester, Mass.

When the Editor asked for an article to serve as a sequel to the argument—"Why won't banks loan me money?"—in the April issue of this magazine, he seemed to take it as a matter of course that the article would be on the side of the man who couldn't get the loans.

It was evidently something of a shock to learn that there was in existence a commercial credit man whose sympathy apparently inclined toward the banks. The manner in which the Editor responded clearly indicated that he had not yet recovered, but felt it necessary to get definite proof of such sentiments, in writing, before something happened to this rare specimen.

This article, however, isn't meant to imply that the bank has always been right. Admittedly, there may have been cases in which banks legitimately could have loaned substantial amounts, but have refused to do so. After all, bankers, if you can get them out from behind their desks into daylight where they can be examined closely, will be found to be human beings just as commercial credit men are, and subject to the same impulses and repressions.

Credit men and other industrial executives occasionally get a little upset over some development and refuse to extend credit just on general principles. I don't know that we can blame a bank man for having equally human reactions occasionally. But, to a larger degree than has been generally recognized, he has had a sound reason for his action.

In order to get a good solid base from which to view this discussion, let us go back a little bit to the fundamentals of Bank Credit and Commercial Credit. Though elementary, it may help our perspective.

At certain times, we hear of huge reservoirs of idle Bank Credit which

have been stored. Thirsty clients who may be in serious need of liquid funds, seeing this delightful vision afar, feel that on request the banker should turn the tap and let loose a flood into the customer's waiting bucket.

There is just one thing that the client is apt to overlook and which is vital. This reservoir does not belong to the banker, but is an accumulation of funds which is placed in trust with him by his depositors.

True, the funds are placed there to be used, but—to be used in such a manner that the depositor may have every reasonable expectation of being able to withdraw his share on demand. Rather than being credit in the commercial sense, it is more comparable to an inventory of goods placed on consignment.

Now, let us turn to an analysis of an entirely different thing—Customer's Credit. This is too frequently regarded as something to which a customer is entitled and which a credit man may give him. In other words, he regards it almost as a commodity which he can or can't get.

A much better picture, however, is to regard Customer's Credit as a *quality*, partly tangible and partly intangible, which has been built up by the customer himself and which is a composite product of his honesty, ability and financial condition (sometimes referred to in credit articles as The Three C's of Character, Capacity and Capital).

If we look at the client's efforts to obtain a loan from his bank in the light of these two differences in interpretation, it is easy to see that in certain cases there might be some difficulty in making the two points of view meet at the spigot handle.

Now that we have established the

difference in the credits themselves, let us agree that there is some similarity between dispensing Bank Credit and selling on Commercial Credit. Your bank has built up a stock of idle dollars just as the commercial house has built up a stock of idle merchandise. In both cases, the inventory needs to be moved.

But there is the fundamental difference: the inventory which the bank has to move is not its own property, but must be moved in such a manner that it can be called back by its real owners on demand. The commercial house owns the inventory which it has to move and it is obvious that the commercial credit man can take certain risks on credit which are not possible for the bank man.

If we have arrived at a meeting of minds on the subject of what the banker has, and the restrictions on him, let us tie it up to a problem which is common to all of us.

Any commercial credit man of experience has met the customer, operating on too small a capital, who seems to feel that as long as he is in business he is by Divine Right entitled to whatever support he may feel is necessary from his creditors.

It must be confessed that in our particular line of business (and I don't believe that our industry is unique, this frame of mind has been very largely encouraged by competitive circumstances within the industry itself. Regardless of the cause, however, there is the situation, and the banker, you may be sure, knows the same man.

Now, it may be a peculiar sentiment, but there persists a strange idea that to justify his existence in business a man should be operating basically on his own capital, and that (Continued on page 44)

What basic changes must be made to build a sound plan of credits for farm areas?

By STUART MCGREGOR, Financial Editor, Dallas, Texas, Daily News

F Out in the agricultural areas there is credit stagnation side-by-side with record breaking credit resources, a phenomenon that exists also in the nation's financial and industrial centers.

It is even a little worse in the outlying regions—that is, the stagnation worse and the credit reserve better—than in the larger centers. Whereas the most recent report of the Federal Reserve Banks showed total loans to member banks in the United States of only \$3,200,000, the Dallas Federal Reserve Bank, as an example of the situation in the agricultural region, reported no loans in this class at all. Whereas the banks of the country have seen their total commercial loans drop about 40 per cent from the normal level, banks in the Southwest—again as an example of the situation in the agricultural area—are down to about 50 per cent.

Many Texas banks went under during the panic of frightened depositors which reached its peak in October, 1931. But quite a few banks have more recently folded "their tents like the Arab and as silently slipped away" after the process of orderly liquidation.

First there was the problem of finding the money that the screaming depositors dragged out through the tellers' windows, and later there came the problem of finding loans to employ the money which the same depositors thrust back. As in other parts of the country, there is in the rural areas today credit stagnation in the midst of credit plenty.

The answer to this situation in the rural sections might be that when the problem is solved in the big centers, the outlying areas will find their own credit situation solved. This has come to be a prevailing assumption even in the agricultural areas.

Our thought on economics has been nationalized; we have gone to the other extreme from our former method of considering things too largely from local

and provincial viewpoint. We, in both city and country, debate such questions as the provisions of the tentative banking act aimed at forcing credit expansion in the big centers, and the drastic measures of the securities act which may or may not be the cause of the continued slump in the heavy industries, and our assumption seems to be that the whole problem of restoring the credit function in the nation is bound up in these central problems. We assume that when conditions are remedied at the center the cure will spread outward. It is an assumption with only half a basis.

The rural areas have their own distinct credit problems, short and long term, though the reference here is especially to short term needs. It is linked to the whole credit problem of the nation, but it must have individual attention. Unless it is given attention, it will remain a deadweight on the national credit system even if the latter is reconstructed for the purposes of its urban financial and industrial functions.

Incidentally, just as we have fully realized that there is a close connection between long and short term financing in the industrial regions, we must awaken to the same conclusion in the country. The one type of credit is the mother of the other. It is needless to try to stir up commercial credit activity while there is stagnation in the underlying credit pool. Our deflated land values and our unsound farm mortgage situation had begun drying up commercial and short term agricultural credit in the country prior to 1929 while the capital goods industries were still booming and the big banks were reaching new peaks in commercial loans. The rural areas never really recovered from the first deflation immediately following the war. We must look back over this period for the causes that must be offset in applying a remedy.

Prior to the establishment of the Federal Reserve system there was a cry from the agricultural regions against the centralization of credit resources and control in New York. The Federal reserve brought partial relief. It worked well for a few years under a normal condition that stimulated current prosperity and easy credit conditions. But like most new brooms it did not sweep as effectually in the long run as its makers had anticipated. It lacked some things in the beginning that it ought to have had to have served the outlying areas as it should, and it was not changed rapidly enough, through amendment of the Federal Reserve Act, to keep abreast of swift economic developments following the war.

The great defect, however, in the credit system, especially that part designed for the agricultural areas, was not in the Federal Reserve but the thing on which the Reserve System was built, the banking system itself. The superstructure could be no better in the long run than its underpinning. Competition between State and Federal banking systems drove down minimum requirements for capitalization to the point where every crossroads had its one, two or three banking institutions. Many politically operated State banking departments had neither ability nor desire to maintain sound banking standards. The Federal Reserve system included only a minority of the banks in the country, and a very slim minority in the country districts.

Add to this general condition the fact that banking has never been a profession in the United States, least of all in the rural areas, and one has a situation meant for existence under only the fairest of fair weather conditions.

It took only the preliminary dip of the post war deflationary process to start the landslide. The first weakening of farm commodity and land values brought its crop of rural bank failures. A glance at the bank casualty column in

the Federal Reserve reports beginning with 1921 will show that the financial storm roared with increasing violence in the agricultural sections for eight years before it blew in the windows of Wall Street.

These things have received their share of attention in the discussion of causes leading up to the collapse. Yet there is now a growing tendency to overlook the fact that an integral part of the remedy must be applied here. The Banking Act of 1933 gave attention to the rural situation in some of its provisions, especially that which in effect forces State banking institutions into the Federal Reserve System, that which forces a raising of minimum capital requirement, and that which provides more rigorous examination under the FDIC standards. The present tentative banking legislation, however, besides back-tracking on some of the sound reforms initiated by the act of 1933, seems to lose sight of the rural situation.

Today agricultural short term credit exists in small quantities and much of that the Government furnishes. Farmers very largely are doing without credit. They have been producing their living at home in recent years to greater extent than during the boom period, and they have learned not to expect credit for many things for which credit formerly was asked. During the last two years, increased farm prices and government subsidies have enabled the farmer to meet with cash most of his current requirements, his ideas of which (as with all of us) having been greatly deflated by years of hardship.

As for existing long term debt, farmers—some of them—are gradually working their way out. Here again increased commodity prices, Government aid and the lesson of experience have been helpful. There is some waiting, of course, for the aid of such unsound measures as the Frazier-Lemke Act. The situation is desperate in some instances; nothing is left for the farmer but to wait.

However, the situation existing today is one that could be used for building permanent reform in the credit system as it applies to the agricultural industries and immediately dependent branches of Commerce. A completely deflated condition is always a happy one, if we forget the past and look only to the future. Somewhere in Shakespeare it is stated that when a thing can go no farther down, it must turn up.

But the upward swing of agricultural credit may be along any one of several lines, some of which would not be as

Possible Developments in Farm Credits

Uncle Sam may become the banker for agriculture on both short and long term credits.

A privately owned system of rural banks may supply needs of the farmers both for crop production, machinery as well as land mortgages. Such a system might be organized in large corporations with widely scattered branches.

The author here points out that no one of these systems will meet the real needs of the future of agriculture.

happy as others. The Government may take over completely the function of supplying credit in this field, long and short term. Again, the future supply of rural commercial and crop production credit may come from a privately owned banking system highly centralized and doing most of its business in the farm areas through branches. A third course may be the rebuilding of the old credit structure, as times get better, with some reforms, but with reforms largely in the upper parts and little at the base. None of these will make the most of the present opportunity, existing because of condition and attitude throughout the farming belt, for building a sound and serviceable credit system for the farmer and the tradesmen dependent on the farmer.

The farming regions need a more centralized—at least a better integrated—banking system, but at the same time one that will maintain an impartial distribution of the Nation's credit resources. The entire banking system of the country should be within a reorganized and modernized Federal Reserve System—though not one under political control. The Banking Act of 1933 made a very practical step in the right direction. Without legislating State banks out of existence, it made it imperative that State and National banks equalize and, at the same time, raise their banking standards.

The start made under the Banking Act of 1933 in the direction of uniform, high banking standards in the rural areas should be pressed to completion in all subsequent banking leg-

islation. High minimum capitalization requirements should be maintained to keep down the number of banks. In Texas the total number of banks has dropped from 1,545 in Dec., 1922, to 916 at the end of 1934. It has been a cruel process but the present condition is a good example of what was said above about a condition of deflation being one on which to build sound reform.

The insurance of deposits has its opponents and they have much argument in the past record of experiments, but deposit guaranty has served an excellent purpose recently in bringing State institutions under sound supervision and heading all banks toward uniformly higher standards. There is no need of abolishing State banking institutions. The competition which they give national banks, if converted into the channels of good service and sound banking, would be helpful, rather than hurtful. Competition usually raises standards. For political reasons, the race between national and State banking systems has lowered standards of both. Some device should be retained in the national banking legislation to make it deucedly convenient for State banks to remain within the Federal Reserve system.

With respect to the whole problem of future credit for the agricultural regions there are several dangers. One is the rebuilding of a typically old style individualistic system that will, under unrestrained competition, meet more than legitimate needs for credit. The other is the danger of (Continued on page 40)

Selling to Uncle Sam

Nation's number one customer has
many buying agents to serve him

By C. F. BALDWIN, Manager

Washington Service Bureau, National Association of Credit Men

EN The venerable Uncle Sam—symbol of the Federal Government—is viewed in many lights by his children.

To some he is a stern father, to others a benevolent philanthropist, to others an exacting money collector.

He is all these things—but he is also the nation's Number One customer who is constantly reaching into his capacious pocket and paying companies throughout the country for purchases which are required to operate the vast enterprise of which he is head.

His extensive activities as a buyer were stupendous enough before the depression began to bring forth its crop of recovery agencies entrusted with gigantic sums to be spent in relieving unemployment and in an effort to start the wheels of business spinning more rapidly. With these new additions to his establishment his importance as a customer has greatly increased.

A large part of the money which flows into one of the pockets of Uncle Sam is later taken from another pocket and distributed to business firms scattered throughout the country. The extent to which many of these firms cultivate their government business indicate that it is a valuable additional source of revenue and that the Federal government should not be overlooked by any company when its sales possibilities are being analyzed.

The Washington Service Bureau of the National Association of Credit Men has received numerous letters from association members which suggest the possible need of more information regarding the general subject of government purchasing. Some of these letters have disclosed a lack of knowledge regarding the proper procedure in rendering bids on government contracts and, the correct approach to officials in charge of purchases. Others have been con-

cerned with the delays which are sometimes encountered in receiving payment for sales made to the government. Still others have come from companies which are interested in supplying material to either general or sub-contractors engaged on Federal construction jobs.

This article will cover briefly some of these questions and will also, it is hoped, be a suggestion to interested association members that the Bureau will be glad to furnish more specific information and assistance in connection with the particular needs of individual companies.

In general, government purchases are effected through two channels: (a) the purchasing offices of the various executive departments, independent agencies and emergency organizations such as the FERA, the HOLC, etc. and (b) the Procurement Division, Branch of Supply, Treasury Department. The latter division, now only a year old, purchases and stocks products which are required by two or more government agencies in Washington. Already it is carrying approximately 1100 items and expects to increase this inventory to 2000 items in the near future.

The purchasing officers of the separate departments and other agencies buy only products to be used by their own units. Purchases by the Procurement Division are for delivery in Washington; delivery of other purchases may be required at Washington or at any other place—usually specified in the sales contract—where the department maintains branches or has other need for the items. Some purchases are made under term contracts, others on a specified order basis.

Both the Procurement Division and the separate purchasing officers maintain mailing lists of firms from which bids are invited when an order is to be placed. In addition to a general list

they also maintain a so called "preferred list" of companies manufacturing products which conform to certain standards established according to the requirements of the department in question. Firms desiring to receive notification of pending contracts may request to be listed on these lists. Requests for information regarding classification on the "preferred lists" may also be addressed to the purchasing officers. Such requests should, of course, contain adequate information concerning the products of the inquiring company.

At the conclusion of this article there is given the name of the purchasing officer or officers of all government agencies which purchase supplies with the exception of the Procurement Division which has already been mentioned above. The writer is informed that these officials and the Procurement Division are glad to supply information interested companies which may be prospective bidders on contracts. A recurring problem of these officers is the difficulties and misunderstandings which develop in connection with their work through the lack of understanding of procedure on the part of some bidders. It is only natural that they shall be glad to furnish any information which will clarify these matters and thus serve their own interests and those of the bidders.

Government purchases are made under definite laws and regulations which tend to remove the latitude and the element of individual preference which may be exercised in ordinary commercial transactions. Many readers will no doubt be familiar with the necessity of accepting minimum bids, the domestic origin clause and the requirement of an NRA Certificate of Compliance before the contract can be placed.

Full information on these and other formalities in connection with bidding may be obtained from the purchasing officers. Companies interested in obtaining or increasing their government

business are sometimes discouraged by these restrictions and also, at times, by what seems to be an unreasonable delay in receiving payment for sales made. That these complications are often annoying is undeniable but in considering this aspect of the matter it is well to keep two points clearly in mind.

The first is the above mentioned dissimilarity between government and private business. In the former, government officials are constantly confronted by the question of protecting the public interest. Their responsibility is not to the head of an organization, to its board of directors and stock holders but to the entire American people. It is to ensure that the public interest is adequately safeguarded that Congress and responsible government officials have enacted and prescribed laws and regulations which minimize the possibility of error, either deliberate or unintentional. Careful study of some of the restrictions reveal that, however irritating and unnecessary they may seem, they often furnish protection not only for the government but also for the firm transacting business with the public agency.

The second point to remember is the virtually complete security of government business. In selling to the government no credit risk is involved and this element of safety has been found by many firms to be ample compensation for the difficulties which are occasionally encountered. Payment may be slow at times but, where due according to established laws, it is forthcoming.

Business with the government is, of course, highly competitive on a price basis but some companies seem to feel that there the element of competition disappears—that the minimum bid requirement eliminates quality and performance competition. The above reference to the maintenance of lists of firms manufacturing products which conform to certain high established standards indicates that this belief is unfounded.

It is true, of course, that, once the requirements of the invitation for bids are met the award is determined by the minimum bid. This fact, however, by no means precludes firms from following the usual sales promotive efforts to explain the merits of their products to those government representatives who will be most concerned with their possible future use. The purchasing officer is concerned only with the technical procedure incidental to the purchase of the product; he is usually not the user of the product.

The person most interested in the

List of Purchasing Officials of the Government Departments and Establishments purchasing under contracts negotiated through the office of the procurement division.

EXECUTIVE DEPARTMENTS

DEPARTMENT OF STATE

Clinton S. MacEachran, Chief Clerk and Administrative Assistant, (Room 102) 17th Street South of Pennsylvania Avenue, N. W.

H. C. Hengstler, Chief, Foreign Service Administration, (Room 114) 17th Street South of Pennsylvania Avenue, N. W.

TREASURY DEPARTMENT

L. C. Spangler, Chief, Division of Supply, 1435 K Street, N. W.

A. B. Butrick, Assistant Chief Division of Supply (Room 719), Federal Warehouse, 9th and D Streets, S. W.

Miss Mary O'Reilly, Assistant to the Director of the Mint, (Room 182), Treasury Building, 15th Street and Pennsylvania Avenue, N. W.

C. R. Klose, Purchasing Officer, Bureau of Engraving and Printing, 14th Street, S. W.

WAR DEPARTMENT

Frank B. Bourn, Chief, Supply Division, (Room 1241), Munitions Building, 20th Street and Constitution Avenue.

Quartermaster General of the Army, Munitions Building, Washington, D. C.

DEPARTMENT OF JUSTICE

E. N. Bodholdt, Chief, Supply Division,

(Room 116), Vermont Avenue and K Street, N. W.

John F. Holland, Assistant Chief, Supply Division, (Room 116), Vermont Avenue and K Street, N. W.

W. T. Hammack, Assistant Director, Bureau of Prisons, (Room 210), Tower Building, 14th and K Streets, N. W.

POST OFFICE DEPARTMENT

Harrison Parkman, Purchasing Agent, (Room 3334) New Post Office Department Building, 12th Street and Pennsylvania Avenue, N. W.

NAVY DEPARTMENT

P. J. Plant, Acting Chief, Supply Division, (Room 1542), New Navy Building, 18th Street and Constitution Avenue.

Bureau of Supplies and Accounts, Navy Department, Washington.

INTERIOR DEPARTMENT

W. B. Fry, Purchasing Officer, (Room 144), New Interior Building, 18th and F Streets, N. W.

Miss C. M. Gaston, St. Elizabeths Hospital, Nichols Avenue (beyond) Anacostia, D. C.

Dr. Wm. A. Warfield, Freedman's Hospital, 4th and College Streets, N. W.

(Continued on page 47)

purchase of an article by the government for ordinary use is usually a division or section head in Washington or in the field service. The efficient conduct of his work necessitates a special interest in the equipment with which he performs that work. It is quite natural, therefore, that his interest in the element of work efficiency involved in preliminary consideration of the type of equipment to be purchased should be a factor of importance in determining the general standards to be prescribed to govern the purchase.

It is obviously impossible to list the types of products which are required by the many governmental agencies. Reference to the names or organizations and officials mentioned at the end of this article will suggest the great variety of these requirements. It is only necessary to recall the ramifications of Federal agencies to appreciate that, in addition to such obviously necessary equipment as office appliances, stationery, furniture, and other articles needed in the daily routine administrative activities, there are literally thousands of other products on the purchasing records of those agencies.

It is possible that many business men are not thoroughly familiar with the widely-scattered field services of the Federal departments, commissions and other


units. To name only a few, there are the Lighthouse Service, the branches of the Bureau of Fisheries, of the Steamboat Inspection Service and of the Bureau of Air Commerce of the Department of Commerce; the numerous branches of the Navy and the War Departments and of the Postoffice Department; the Indian Service, Forestry Service, Bureau of Mines and other Divisions of the Interior Department; the numerous field offices of the Department of Agriculture; the more recent field branches of the several recovery agencies. All of these offices, and many more, use equipment which is manufactured by private firms and it is a reasonable assumption that all of them are interested in obtaining equipment which will facilitate the efficient functioning of their work.

It is believed that many firms have either over-looked the opportunities of selling their products to the government or have assumed that they are manufacturing a product which is not among the requirements of the governments. In such cases careful study of this matter may open a new avenue of sales or, where no opportunities are found to exist, will at least satisfy the vigilant executive that he has overlooked no sales possibility which might furnish another outlet for his production.

Reciprocal treaties are named as most effective means for expanding our foreign trade

An international banker presents some facts and figures to demonstrate why "Splendid Isolation" is untenable if America is to hold its leadership

By GUSTAVE RIEDLIN, Assistant Vice-President, Bank of America
President, Foreign Trade Club of Southern California

 Any man could be justly proud to have it said of him—"He is a Good Neighbor." Swift ocean liners, the trans-oceanic telephone, the radio and the airplane have made the world neighbors. Yet these neighbors, afraid of political entanglements, and perhaps rightly so, strive to become economically independent, one from the other. "Buy British" and "Buy American" are slogans looking towards as splendid isolation. High tariff walls and impossible exchange restrictions obtain throughout the world.

"Splendid isolation" does not work out. Furthermore, America cannot climb upward out of the depression and leave the rest of the world in the doldrums.

Let me quote from Hon. Daniel C. Roper, Secretary of Commerce:

"I have thought frequently that if the business man concerned very largely with domestic commerce, were as well informed on foreign trade as the business man dealing largely with foreign trade is informed on domestic affairs, there would be far greater resourcefulness in our nation in meeting and solving our foreign trade problems. A balanced attitude toward such problems results from balanced knowledge of conditions.

"We have definitely reached a point in our economic progress," said Mr. Roper, "when foreign trade and domestic business cannot be set apart as separate economic entities. There is no such thing as permanent national self-sufficiency for any country. Nature herself has taken care to assure this condition."

Ex-President Herbert Hoover, who is also ex-Secretary of Commerce, stated that it might be possible for the United States to become economically independent, but emphasized that it could do so only at a frightful cost and a lowering of the standard of living throughout the country. He estimated that upward of three million families in the United States derived their livelihood from foreign trade.

Our Trade With The Orient

Are we overlooking an important trade market in the Far East? This writer thinks with Theo. Roosevelt, that the Pacific Era is just at the Dawn.

Let us consider a few facts and figures:

During the fifteen-year period from 1919 to 1933, total exports from the United States amounted to upward of \$68,000,000,000 and the imports to \$51,500,000,000, a grand total of \$120,000,000,000, or an average of \$8,000,000,000 per year.

These figures contain handsome profits for business, industry and agriculture. In fact, they touch every avenue of endeavor in this great country. But they do not include millions spent by tourists, visitors, immigrants, etc.

It has been stated and much publicity has been given to the fact that the exports of the United States represent only ten per cent of this country's production. This is a true statement, as

far as it goes, but it is only part of the story. Of itself it is misleading, giving an entirely erroneous picture of what foreign trade means to this country.

While the United States does export only ten per cent of its total production, the percentage of export of certain staple commodities and manufactured products is many times that average. Approximately 55 per cent of the cotton grown in this country is exported; 41 per cent of the copper produced goes abroad; kerosene, 35 per cent; lubricating oil, 31 per cent; tobacco, 41 per cent; sewing machines and printing machinery, 30 per cent; cash registers and farm machinery, 23 per cent; typewriters, 42 per cent, and motorcycles, 50 per cent.

We must also realize the sectional production of certain commodities above listed and of many others. To large districts of the United States, foreign trade certainly is of vital importance when 55 per cent of the cotton grown must be exported and 41 per cent of copper produced and 41 per cent of tobacco raised must likewise find a foreign market.

It is significant that the present Secretary of Agriculture is one of the most ardent promoters of foreign trade. Undoubtedly, he realizes that the ultimate solution of this country's grave agricultural problems cannot be found through monetary manipulations, crop restrictions and artificial boosting of prices, but rather to an opening up of the markets of the world.

A word as to imports, which are as vitally important as exports in the scheme of this country's well being:

It is not necessary to mention rubber,

silk, tea, coffee, etc., which must be imported in huge quantities. But of 28 important industrial minerals, the United States possesses and produces exportable quantities of only three, and has a sufficient quantity to meet this country's own needs of but eight more. Nine minerals have to be imported in large amounts. Of the remaining eight, this country is almost entirely dependent on foreign production.

The automobile you drive contains imported materials from eighteen countries, while the electrical industry is wholly dependent upon seventeen foreign countries for materials vital in the manufacture of electrical equipment. Thus, we may readily see that foreign trade is of crucial importance if we are to maintain the standard of living now enjoyed in this country.

World trade, like domestic business, is largely a matter of available and proper credit. But this foreign trade credit depends upon somewhat different predications and conditions than credit extended in domestic trade.

In the years following the World War, the United States had an overabundance of capital and it was the trend of the times to give extended credit to impoverished Europe in financing exports from this country. The United States satisfied the tremendous demand for raw materials, also supplied manufactured articles to the world, articles, which formerly had been of European manufacture.

The United States not only supplied the merchandise, but also the money, in the form of credit, to pay for the goods. It was a one-sided deal, for in extending credit little, if any, thought was given to the paramount consideration—"What is the Plan of Liquidation?"

The United States is a creditor nation, exporting more than is imported. These international balances can be settled in three ways: 1. Gold. 2. Loans. 3. Merchandise. With this country in control of the major portion of the world's gold supply and holding billions of repudiated loans, merchandise remains the sole medium for the settlement of trade balances.

Tariff barriers have made it impossible for foreign debtors to pay in merchandise, the only means they have left to effect settlements.

This situation, combined with the depression, has had terrific effect on foreign trade. That of the United States declined from \$10,000,000,000 in 1929 to \$2,500,000,000 in 1933. Obstacles to trade were imposed throughout the world. One tariff followed the



Ex-President Hoover, while he was serving as Secretary of Commerce, said of "splendid isolation:" It might be possible for the United States to become economically independent but it could do so only at a frightful cost and a lowering of the standards of living throughout the country.

other. Quotas were imposed. Currencies depreciated and many nations, in order to conserve their own currency, were forced to adopt rigid exchange restrictions. Exporters in this country could not get their money because of these restrictions. This was not the fault of the individual debtor who was not allowed to send his money out of the country.

In his inaugural address, President Roosevelt dwelt upon the policy of a good neighbor. Since that time much has been done towards the restoration of foreign trade. Powers have been granted the President to negotiate reciprocal trade treaties with foreign nations. Such treaties have been concluded with Cuba and Brazil and negotiations are going forward with a number of other countries. Export and Import Banks have been established. Both the State Department and the Commerce Department have instructed their representatives abroad to make a complete survey and study as to merchandise and products which might well be imported into this country and not come in direct competition with domestic production. Seemingly, the Federal Government is keenly alive to the fact that foreign trade is a matter of reciprocity.

As international debts of the past and future exports can be paid, in the last analysis, in merchandise only, we must look to those countries where favorable conditions exist in this respect.

Europe is heavily indebted to this country, and although it will continue to be a customer for certain products, it has to offer in return practically only manufactured goods. South America also is a debtor to the extent of several billion dollars, but here are found many raw materials which this country needs and can well import. Trade with countries to the south will depend, more or less, upon the solution of foreign exchange questions. The Orient, on the other hand, does not owe any considerable sum to this country. It produces a tremendous amount of raw materials not found in the United States, and it would seem logical that the future of foreign trade lies to the west.

Some twenty years ago, Theodore Roosevelt said:

"The Mediterranean Era died with the discovery of America. The Atlantic Era is now at the height of its development and must soon exhaust the resources at its command. The Pacific Era, destined to be the greatest of all, is just at the Dawn."

Latin-American credit and collection survey

CF The first quarter of 1935 opened with a generally continued improvement in credit conditions and collections in the twenty-one Latin American markets. There is a further indication of improved general business conditions within these countries and the stabilizing influence which has been in effect for some time continues. During 1934 with the exception of the third quarter the trend of credit conditions and collections usually was favorable and the new year continues this improved trend.

This is the twenty-sixth continuous quarterly survey of credit conditions and collections in these markets, and during the time these surveys have been conducted we have seen the index of credit conditions and collections move from a situation where fair or poor credit conditions within these countries and slow collections were an exception downward through a period where good or fairly good credit conditions were an exception rather than the rule, and now we are going forward through the last eighteen months on a generally upward curve. Conditions, in most cases, have not as yet returned to their former situation but, nevertheless, considerable improvement has been generally sustained.

The graphical charts indicate the index of credit conditions and collections for the first quarter of this year and also for comparison run back over the four preceding quarters. These indices of credit conditions and collections are compiled upon the percentage of replies received from those who are actually engaged in current business relations with these various markets.

In twelve of the twenty-one markets surveyed, an improvement is indicated beyond that shown in the closing quarter of last year. In most cases this improvement is of sizable proportions and was particularly noticeable in such countries as Argentina, Dominican Republic, Salvador and Honduras. In the eight countries where a decline from the position in the closing quarter of last year is shown, this is especially noticeable in Nicaragua, Paraguay, Bolivia and Colom-

by W. S. SWINGLE, Director of the Foreign Department and the Foreign Credit Interchange Bureau of the National Association of Credit Men.

bia. Some decline was indicated in credit conditions in Venezuela and a slight recession in Mexico, Guatemala, and Haiti. It should be remembered that the indices of credit conditions refer to conditions within the particular countries on commercial transactions and do not have any relation to the financial standing of any of the Governments or their action on bonded indebtedness, service obligations or transactions of this kind.

Based on the index figures the general groupings would indicate that credit conditions in Mexico, Argentina, Puerto Rico and Brazil are considered good, followed by fairly good conditions in Peru, Panama, Venezuela, Cuba, Colombia and Haiti. In the Dominican Republic, Salvador, Chile, Guatemala and Costa Rica credit conditions are indicated as fair, and in Honduras, Ecuador, Uruguay, Nicaragua, Paraguay and Bolivia the general classification would be poor or very poor.

Mexico continues to head the list and a number of countries, such as Argentina, Brazil and Colombia and others are experiencing a considerable improvement in business within the country and a resulting improvement in the general credit conditions within the markets.

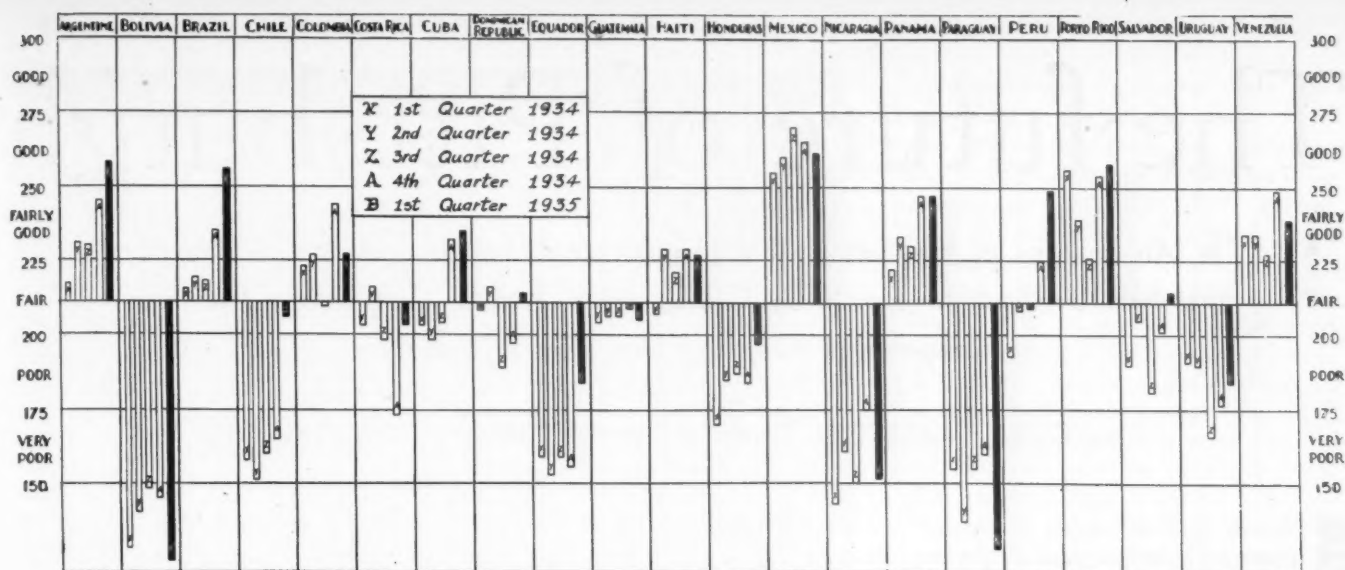
The question of exchange transfer still presents a problem but this has been considerably alleviated in recent months. With but few exceptions, even though there are exchange restrictions, payments for current transactions can be handled through the free market provided the buyer understands and agrees that settlement will be made at this relatively higher rate than the official rate. The credit risk is improving, and where the moral and financial responsibility of the customer is satisfactory, obligations are taken care of promptly, at least within the country, although in some cases they

may be subject to the difficulties of exchange transfer. Individual buyers are generally strengthening their position and from the strictly credit point of view there has seldom been any serious difficulty. The responsible buyer continues to take care of his obligations, and credit losses, as differentiated from exchange losses, are not excessive.

In the survey of collections for the first quarter of this year, a further improvement is noted, in many cases quite substantial. In twelve countries the collection index as compared with the closing quarter of 1934 shows improvement. No change has been indicated in one case, and in eight countries where comparative declines have taken place they are in most cases merely technical and do not affect the general rating of collections from that country. It should be understood that collections are considered from the point of view of payment by the debtor and do not take into consideration exchange delays or transfers of deposits of local currency where these have been made abroad or where the transfer of exchange is not a delay dependent upon the foreign buyer himself.

In seventeen of the twenty-one countries covered, payments are of a nature to classify the general payment record as prompt or fairly prompt, and in only four countries, namely, Costa Rica, Paraguay, Nicaragua and Bolivia, are payments considered generally very slow. This, of course, is a general average and indicates the opinions of those doing business particularly on current transactions with these markets. There are a number of old obligations which have been tied up on account of lack of exchange transfer or a decided drop in exchange rate which are still delayed, and the additional burden of high dollars in local currencies resulting in an automatic increase in import costs has called for some compromise settlements or brought about a slowness in meeting these obligations. Current business, however, where the method of payment is clearly understood and worked out, in most countries is satisfactory.

In investigating the question of average exchange delays, the comments on



Credit conditions in twenty-one Latin-American countries scaled on the basis of the credit condition index figures which express mathematically the combined opinions of individual reports on each country.

the countries most involved are as follows:

Argentina: Old transactions in many cases are very slow and frequently delays run from two to six months. Provided an import permit has been secured or arrangements made for liquidation through the free market, little delays are indicated on current transactions.

Bolivia: Old transactions are indefinitely delayed, running from ten to twelve months, and current transactions are in many cases also delayed for several months.

Brazil: On current business, at the free market, transactions are not being delayed, the official portion of the ex-

change on shipments prior to February still run from three to six months, and old transactions reported as high as twelve months.

Chile: Current transactions in the free market are not delayed on account of exchange, but old accounts are delayed anywhere from two years or over unless cleared in the free market.

Colombia: While some current accounts indicate no delay, there are delays on account of exchange ranging from one to six months.

Costa Rica: Delays anywhere from two to eight months, ranging chiefly from three to four months. Some current shipment with no delay.

Ecuador: Old accounts are delayed two years or more. Current accounts usually prompt, but some delays from one to two months.

Honduras: Some delays, depending upon the merchandise, ranging from two to as high as ten months.

Nicaragua: Delays ranging from two

to nine months, with the majority being about six months.

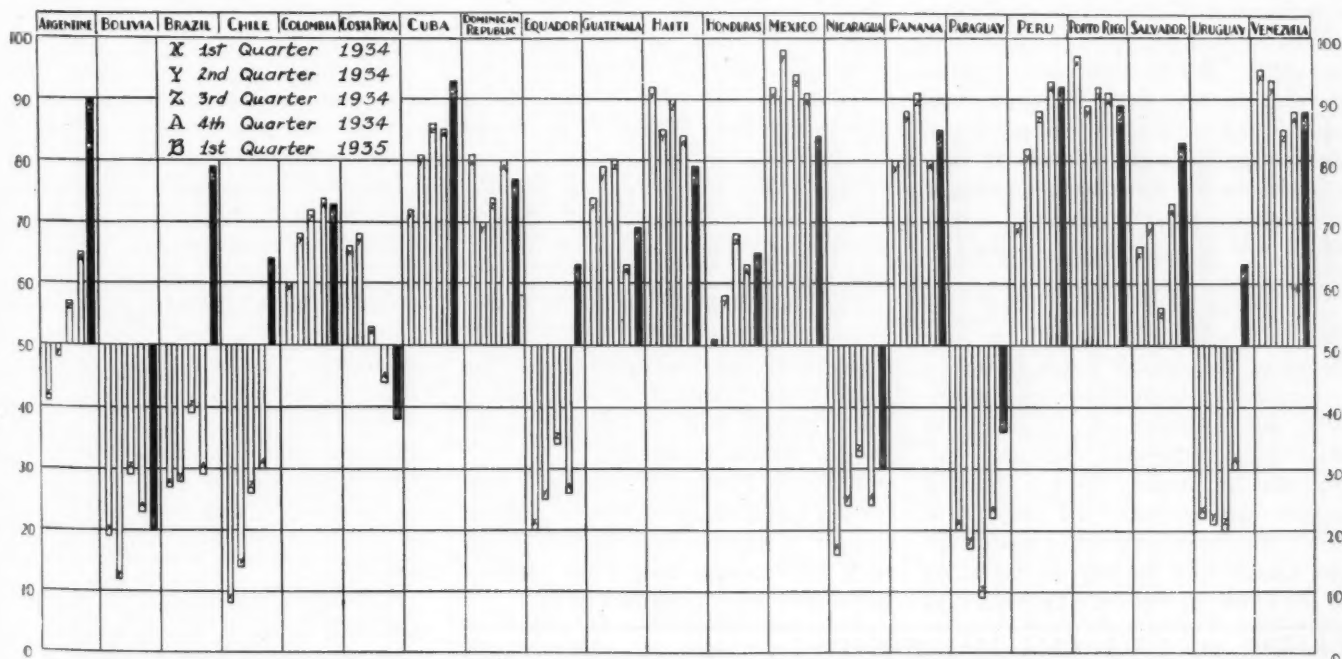
Paraguay: Long delays are indicated in a number of cases.

Uruguay: Indefinite delays on old accounts and permits required for new business.

Venezuela: Some delays, ranging from one to two months.

The further negotiations of trade agreements and the question of settlement of exchange may be looked for during the coming months. The background of business in Latin America is improving. Some recessions in special cases may occur but American exporters can look toward the Latin American markets with greater optimism.

Collection conditions in twenty-one Latin-American countries at five different periods. The scale numbers are based on the percentage of reports of prompt collections for each country in each survey.



The future of Pittsburgh

■ An analysis of the factors that forecast continued importance for the city that will be host to the N. A. C. M.'s 40th Annual Convention and Fifth Congress of Industry, June 17—21 inclusive.

by GUY L. RALSTON, Financial Writer, Pittsburgh Post-Gazette

NO city in America has a brighter commercial and industrial future than Pittsburgh. It would be folly to make such a broad statement without being prepared to back it up, which is exactly what we are prepared to do.

Viewed from any angle the outlook is favorable, not for a mere morning-glory spurt or a flash-in-the-pan boom but for steady progress along business highways firmly founded upon basic economic facts and undeniable advantages of strategic location in the heart of the nation's richest producing and consuming area. As the country zooms upward out of the depression, like an airplane leaving a landing field, the City of Steel, known everywhere as "The Workshop of the World," will be found setting an example worthy of emulation by all her sister municipalities.

Steel has been the life blood of Pittsburgh for a century and a half, but of late years a widely diversified list of industries has come into the picture. So that now one finds here produced such a wide range of marketable products as can be equaled perhaps in no other spot on earth. While expansion of these pioneers in new fields had been held back during the last few lean years, now they are again forging ahead and literally dozens of them have announced improvement programs the total cost of which will run into many millions of dollars.

As straws which show how the thought winds are blowing in executive circles of the durable goods industries—regarded by many observers as essentially the backbone of any complete business recovery—the big steel corporations are turning loose a flood of capital improvement and equipment cash. Announcements lately made indicate clearly that the city at the Forks of the Ohio, known since Colonial days

as the "Gateway of the West," will share largely in all of that. No finer vote of confidence in this city's future could be asked even by the most skeptical.

Pittsburgh's share of the United States Steel Corporation's \$47,000,000 new equipment program for 1935 is reported set at \$15,000,000. This is expected to provide, among other things, a 110-inch continuous plate mill at the Carnegie Steel Company's Homestead Works and a new continuous hot strip mill at the same company's Edgar Thomson Works in suburban Braddock.

The Jones & Laughlin Steel Corporation has awarded contracts for construction of a new \$4,500,000 blooming mill, which will replace an out-moded plant at the J. & L. Works in South Side, Pittsburgh.

Soviet Russia came to Pittsburgh recently for the American standard of steel mill equipment and signed a contract for millions of dollars worth of machinery. The European country, represented by the Amtorg Trading Corporation, placed an order with the United Engineering & Foundry Company of Pittsburgh for a complete roller-bearing-equipped, electrically-driven steel rolling mill to be erected at the Zaporozstal Steel Works of the Soviet Union.

This order, for more than \$3,000,000, is one of the largest of its kind ever placed in the United States for foreign shipment.

That mill will be similar in design to one which the United Engineering & Foundry is now constructing for the Ford Motor Company at River Rouge, Mich., which will be completed and shipped within 15 months.

The same Pittsburgh company is now putting the finishing touches on production of a continuous strip mill being built for Carnegie Steel's big plant at McDonald, near Youngstown, O.

Another indication that 1935 may be the greatest "building" year in the history of the steel industry comes with an announcement that the Mackintosh-Hemphill Company of Pittsburgh has received an order from the Inland Steel Company for construction of new blooming mill equipment for that company's Chicago plant. This is the second large order for mill construction announced by the Pittsburgh firm within a week.

Significant indeed is the fact that when Mackintosh-Hemphill received the "go ahead" on a new blooming mill for Jones & Laughlin, a few days ago, that was only the second blooming mill to be ordered in the United States since 1928.

But it is not in steel alone, it is in virtually every one of the major and minor industries of the districts contiguous and tributary to Metropolitan Pittsburgh, which, strictly speaking, includes only Allegheny county, that a marked and steady advance in activity has been noted for months past. All indications point to further gains, probably continuing steadily over a long period to come.

New enterprises launched here have become so common that they usually attract but little public interest, for which reason even some of the most alert Pittsburghers gasp with astonishment when the list showing the diversification of their city's manufacturing interests is reeled off to them. Last week a newly formed company of Pittsburghers started construction of a new plant here to manufacture "dry ice." News of it was carried in items of only a few lines in the local newspapers, although a large capital investment was involved and the plant, which will be ready for operation in April, is said to be the first of its peculiar type ever built in this country.

Pittsburgh's preeminence as a retail marketing center is widely recognized. In 1929, our last normal year to date,



"Editor and Publisher" said:

"It is stated that department stores' sales in Pittsburgh are, per capita, almost double those of any other city in the world, and that such sales here are greater than those of Detroit and Buffalo combined."

Competent authorities, including H. W. Correll, Pittsburgh Chamber of Commerce statistician, say it is a fair assumption that the relative position of the cities has not changed, although of course during the depression the respective sales volumes have been variable.

A business survey of the Tri-State district surrounding Pittsburgh, made last month by the Post-Gazette, the city's only morning newspaper, showed a rapidly rising tide of activity in every part of this area and in all lines of trade and industry. Subsequent reports indicate this trend has been well maintained.

One of numerous examples of what keen corporation executives here really think right now is a statement by the Blaw-Knox Company, one of the big steel fabricating concerns, that prospects appear brighter for 1935.

"The increase in industrial activities, particularly in the heavy industries, has already been of substantial benefit to the company," A. C. Lehman, president, says in a pamphlet report March 1. "From indications of orders booked and prospects pending, it is expected that the company's activities will expand materially. The company operated during 1934 under the sub-normal conditions which characterized the durable goods industry."

In a public announcement of rate reductions for domestic and commercial consumers, the Duquesne Light Company, a leading utility serving Metropolitan Pittsburgh and nearby towns, says:

"The difficulties of the depression have not shaken our confidence in the basic stability and ultimate recovery of this community, and now we are actually optimistic about its future.

"The immediate prospect of better business indicates a sustained upward trend which will benefit both our customers and our company."

Truly, unless all signs fail, Pittsburgh is going to be right up among the leaders from now on.

Five million dollars worth of business was dumped into the Pittsburgh district's lap not so long ago, when the Pennsylvania Railroad ordered electrification equipment costing \$15,000,000. It was one of the largest equipment orders in railroading history, the first milestone in the general business resumption expected to follow the turmoil of recent dismal days, and part of the P. R. R.'s delayed \$77,000,000 improvement program.

Within 100 miles of Pittsburgh, the combined population is 5,595,464—and if you want to figure on the basis of one night's ride from Pittsburgh you can multiply that total by a dozen or so.

In that 100-mile radius, the industrial payroll in an average year is \$1,352,407,509. The value of manufactured products in an average year is \$4,055,388,948. Total sales in wear-

ing apparel and department stores, filling stations, garages, restaurants, food and confectionery stores and similar retail establishments in an average year amount to \$1,981,840,000. All of these figures are from United States Census reports.

Most everybody knows that Pittsburgh, with an unsurpassed historical background and numbering George Washington as one of its founders, is situated most happily where the Ohio and Monongahela rivers unite to form La Belle Riviere, the beautiful Ohio. But some dwellers in remote parts may have yet to learn that the Ohio has a year-round navigable nine-foot channel for its entire length, about 900 miles, all the way to where it joins the Mississippi at Cairo, Ill. Canalization of the Ohio from Pittsburgh to Cairo was completed by Uncle Sam in 1929, at a cost of more than \$125,000,000. Thus Pittsburgh is at the head of one of the country's greatest inland waterway systems.

Freight tonnage on the Monongahela in 1915 was 11,815,085. It reached a peak of 28,907,614 in 1929, dropped to 9,399,465 in 1932, but rose to 12,539,764 in 1933, and is estimated to have exceeded that in 1934. All traffic experts know the Monongahela is one of the world's greatest inland waterway carriers. All cost experts know the advantages of cheap transportation. And anybody who has looked at the map must know that the Allegheny, Monongahela and Ohio, due to their geographical location, are open to travel the year around—something that cannot be truthfully said of some more highly publicized streams.

Pittsburgh has plenty of railroads, too, and they carry plenty of passengers and freight. This district's rail tonnage in 1915 was 157,467,887. It touched 174,758,200 in 1923; 161,967,251 in 1929; 58,485,248 in 1932, and 68,693,970 in 1933.

Five railroads enter Pittsburgh—the Pennsylvania, the Pittsburgh & Lake Erie, the Baltimore & Ohio, the Buffalo, Rochester & Pittsburgh, and the Pittsburgh & West Virginia. They bring 51,449 persons into the downtown shopping district every 24 hours. Street and interurban cars bring over 100,000 more in the same period. And, oh yes, we have autos.

Pittsburgh's aviation fields are known as Bettis, Rodgers, City—County, Pittsburgh—Butler and Wilkinsburg.

Total retail sales (Cont. on page 46)

CREDIT and FINANCIAL MANAGEMENT MAY, 1935



Sunset at "The Point"

Pittsburgh reports progress

■ And in less than six weeks the gavel will fall to open the 40th Annual Convention and 5th Credit Congress of Industry

by **BRACE BENNITT**, Convention Director,
Pittsburgh Convention, June 17 through 21

THE 40th Annual Convention of the National Association of Credit Men, together with its Fifth Credit Congress of Industry and its annual National Business Show, convenes in less than six weeks. The dates are June 17th through the 21st; the City is Pittsburgh.

For the second time in 19 years our good friends in the Credit Association of Western Pennsylvania are our hosts. Your Convention Director is glad to say that in all the years he has been handling Conventions, the prospects never have looked brighter than they do now for a most outstanding Convention—

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

particularly valuable because of its strong program features but also very worthwhile for the fine entertainment features our hosts are providing.

It is only natural that with our Convention in one of the great industrial centers of the world we should have particularly strong business sessions with outstanding representatives of the industries and professions. There will be in the program material of value, not only to the credit manager, but to the president, treasurer, and, in fact, all the executives of our member firms.

While not minimizing the depression through which we have come and the difficulties facing us today, the Convention program, nevertheless, is adopting an optimistic, forward-looking theme to be carried through the week. It is the



Prepare for PITTSBURGH!

**40th Annual N. A. C. M. Convention
and Fifth Credit Congress of
Industry—June 17 to 21**



intention of those arranging the program to send delegates to their desks looking forward rather than backward.

The theme of the Convention will be presented in the opening address by Executive Manager Heimann on the subject "The Opportunities Ahead." The present schedule calls for this same keynote to be treated by different industrial and professional representatives from all angles.

We cannot give you the names of the speakers at this early date, but we can report that the program schedule now set up calls for an industrialist whom everybody knows and respects; a member of the Judiciary outstanding in his field; a political commentator second

to none; a member of the Cabinet; a successful commercial banker; one of the leaders dealing with the country's transportation problems; and a leading, perhaps *the* leading figure in the financial and security field at present.

This is the program in skeleton form as it stands at the time of writing. Add to this that most valuable day of the Convention, the Credit Congress of Industry, in which we meet in our respective business and industrial Groups. Attendance at the business sessions of the Credit Congress has increased every year since its inception and, add once more, the fact that one session will be scheduled to go over our Association activities, our credit problems, and (to top it off) all these with ample arrangement for public forum and discussion.

As for entertainment, it would take

The famous Carnegie Museum

the edge off your pleasurable anticipation if the details were given now of the enjoyment that our Pittsburgh hosts are planning for us. As a matter of fact, the Convention Director *refuses* to divulge this information.



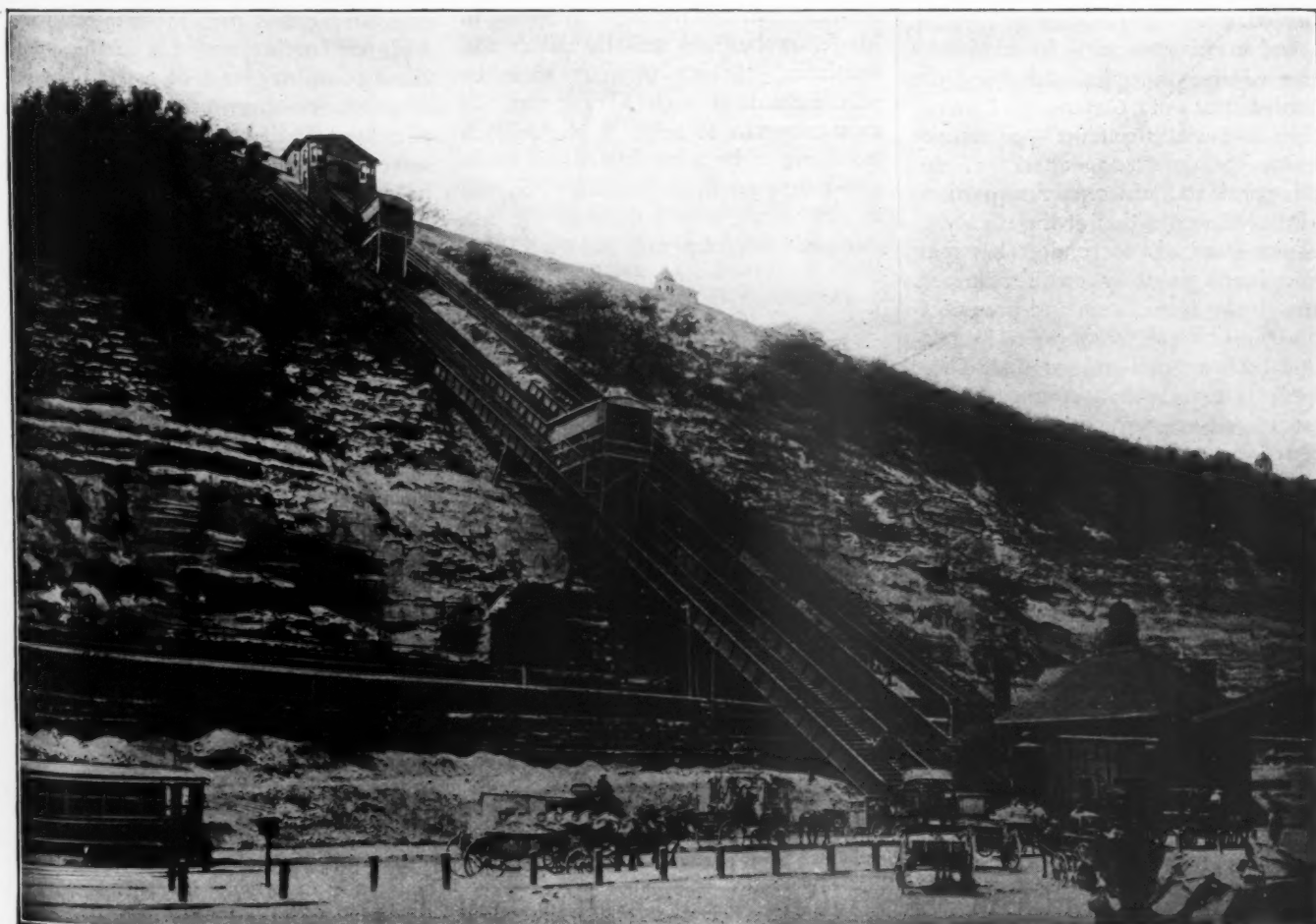
The National office has made a preliminary survey of expected attendance at the Convention, and everything points to the largest Convention attendance in many years.

Pittsburgh is ready and waiting to be our host in June! Prepare for Pittsburgh—June 17 to 21!



The Mt. Washington Incline

Insure profits in 1935 with
Credit Interchange Reports



By FRANK H. EICHLER
San Francisco

CF The great law-giver Solon of Athens used to say that to be law-abiding was the secret of prosperity. When asked how he proposed to make people respect the law he said:

"Those who are uninjured by a crime must be trained to feel as much indignation at it as those who are injured."

He taught the Athenians to get together and hold indignation meetings when crimes were committed—to work themselves up into a passion of anger about them and to enforce honesty and public-spirited behavior by making death the alternative.

Certainly the most cherished possession of every self-respecting credit manager is his individual liberty—the opportunity to express fully all those capacities which go to make up what we call personality. The credit executive wants, above all, freedom to exercise his own peculiar judgment in the conduct of his credit office. He does not want other people to interfere vitally with that freedom.

The practical-minded credit manager does, however, admit the necessity of such restrictions as will secure orderly processes whereby economic waste will be minimized and personal rights safeguarded.

And in this concession he admits the value of the principles underlying the establishment of *Codes of Ethics*—"rules of business conduct"—as security against the devastating attacks of un-economical and unscrupulous practices.

Practical recognition of the efficacy of definite standards of conduct has long since been given by credit managers through the formulation and promulgation of a Code of Ethics for credit relations, both internal and external. These standards have been re-affirmed as successive national conventions and are expressed in detail under the caption:

"Canons of Commercial Ethics"

To formulate sound practices is one thing—to *observe* the rules is the other.

Credit is so vital a part of daily commerce that credit administration might, with reason, be classified as quasi-public in tenor and the position of credit manager consequently a fiduciary relationship, having the characteristics and responsibilities of a public trust.

Indiscriminations of members of the credit profession arouses public indigna-

(Continued on column 3 page 21)

Ethics of

Sixteen canons have been declared by

CANON No. 1

It is improper for a business man to participate with a lawyer in the doing of an act that would be improper and unprofessional for the lawyer to do.

CANON No. 2

It undermines the integrity of business for business men to support lawyers who indulge in unprofessional practices. The lawyer who will do wrong things for ONE business man injures ALL business men. He not only injures his profession, but he is a menace to the business community.

CANON No. 3

To punish and expose the guilty is one thing; to help the unfortunate but innocent debtor to rise is another; but both duties are equally important, for both duties make for a higher moral standard of action on the part of business men.

CANON No. 4

In times of trouble, the unfortunate business man has the right to appeal to his fellow business men for advice and assistance. Selfish interests must be subordinated in such a case, and all must cooperate to help. If the debtor's assets are to be administered, all creditors must join in cooperating. To fail in such a case is to fall below the best standards of commercial and association ethics.

CANON No. 5

The pledged word upon which another relies is sacred among business gentlemen. The order for a bill of goods upon which the seller relies is the pledged word of a business man. No gentleman in business, without a reason that should be satisfactory to the seller, may cancel an order. He would not ask to be relieved of his obligation upon a note or check, and his contracts of purchase and sale should be equally binding. The technical defense that he has not bound himself in writing may avail him in the courts of law, but not of business ethics.

CANON No. 6

Terms of sale as a part of a contract touching both net and discount maturity,

are for buyer and seller alike binding and mutual, unless modified by previous or concurrent mutual agreement.

No business gentlemen may, in the performance of his contracts, seek small or petty advantage, or throw the burden of a mistake in judgment upon another, but must keep his word as good as his bond, and when entering into a contract of sale faithfully observe the terms, and thus redeem the assumed promise.

CANON No. 7

It is always improper for one occupying a fiduciary position to make a secret personal profit therefrom. A member of a creditors' committee, for example, may not, without freely disclosing the fact, receive any compensation for his services, for such practices lead to secret preferences and tend to destroy the confidence of business men in each other. "No man can serve two masters."

CANON No. 8

The stability of commerce and credits rests upon honorable methods and practices of business men in their relations with one another, and it is unethical for one creditor to obtain or seek to obtain a preference over other creditors of equal standing from the estate of an insolvent debtor, for in so doing he takes, or endeavors to take, more than his just proportion of the estate and therefore what properly belongs to others.

CANON No. 9

Cooperation is unity of action, though not necessarily unity of thought. When the administration of an insolvent estate is undertaken by the creditors through friendly instrumentalities, or when, after critical investigation, creditors representing a large majority of the indebtedness advise the acceptance of a composition as representing a fair and just distribution of a debtor's assets, it is uncooperative and commercially unethical for a creditor to refuse the friendly instrument or the composition arbitrarily, and force thereby a form of administration that will be prejudicial and expensive to the interest of everyone concerned.

CANON No. 10

Our credit system is founded on principles, the underlying elements of which are cooperation and reciprocity in inter-

business

National Association of Credit Men

change. When ledger and credit information is sought and given in a spirit inspiring mutual confidence, a potent factor for safety in credit granting has been set at work.

The interchange of ledger and credit information cannot fulfill its best and most important purposes unless guarded with equal sense of fairness and honesty by both the credit department that asks for the information and the credit department that furnishes it.

Recognizing that the conferring of a benefit creates an obligation, reciprocity in the interchange of credit information is an indispensable foundation principle; and a credit department seeking information should reciprocate with a statement of its own experience in the expectation of getting the information sought; and a credit department of which information is sought should respond fairly and accurately because the fundamentals of credit interchange have been observed in the manner the request was made of it.

Failure to observe and defend this principle would tend to defeat the binding together of credit grantors for skillful work—a vital principle of the credit system—and make the offending department guilty of an unfair and unethical act.

CANON NO. 11

The foundation principle of our credit structure—cooperation—should dominate and control whenever the financial affairs of a debtor become insolvent or involved, that equality thereby may be assured to the creditors themselves and justice to the debtor.

The control of any lesser principle produces waste, diffusion of effort and a sacrifice of interests, material and moral, with a separation of creditor and debtor that is offensive to the best laws of credit procedure.

Cooperation and unity save, construct and prevent; therefore, individual action pursued regardless of other interests in such situations, whether secretly or openly expressed by either creditor or debtor, is unwise and unethical.

CANON NO. 12

The healthy expansion of commerce and credits, with due regard to the preservation of their stability and health-

fulness, demands an exact honesty in all of the methods and practices upon which they are founded. Advertising is an important feature in business building; it should represent and never misrepresent; it should win reliance and never cover deceit; it should be the true expression of the commodity or the service offered. It must be deemed, therefore, highly improper and unethical for advertisements to be so phrased or expressed as not to present real facts, and either directly or by implication to mislead or deceive. In this department the finest sense of honesty and fairness must be preserved, and the right relations of men with one another in commerce and credits clearly preserved.

CANON NO. 13

Permanent success cannot be divorced from character. Character is indestructible as a granite boulder, against which waves of circumstances beat in vain. Character does not cringe or falter before difficulties.

Character cannot lie nor deceive under temptation.

Character cannot withhold that which belongs to others, though secretiveness may not be difficult.

Character is the guarantee of justice and fairness in all personal relations.

Therefore, the debtor who does not redeem his credit to the point of exhaustion, who when embarrassed or insolvent does not give to his creditors all that is theirs, who retains for himself something which is not his, is unethical and deficient in character, the most important element of the credit relation.

CANON NO. 14

The use of credit in the processes of exchange demands utmost frankness of him who promises future value for present value received. Our whole credit structure rests upon confidence on the part of the creditor and good faith on the part of the debtor. This delicate structure is seriously injured if the debtor disposes of the values received or their equivalent out of the ordinary and well-established courses of business without some form of notice to those who have extended him credit.

(Continued on column 1 page 22)

(Continued from column 1 page 20)
tion. Public indignation acts with vigor but not with intelligence or discrimination, and once aroused, goes beyond all reasonable bounds in its intensity.

Furthermore, instead of being directed against the offending member, it condemns and punishes the profession at large. The general tendency is to universalize—as when a man says "The trouble with women is—" when he means "The trouble with my wife is—"

This is nowhere more apparent than in the social reactions toward certain well-defined groups, some of whose members have by their intemperate actions brought their whole groups into disrepute.

Therefore, it becomes not only a matter of sturdy morality and personal decency but of economic salvation and professional policy that every credit executive take unto himself a fullshare of the responsibility for the effectiveness of our Code of Ethics.

Every credit manager is in a real sense his "brother's keeper" to the extent of being an *example* of the right mode of conduct and thereby indirectly admonishing his less conscientious fellow members. Too, everyone engaged in credit administration should be encouraged to enter our organization. Their experience is necessary to the proper evaluation of the organization problems, and their conformity to the standards of conduct is necessary to its good name and the reputation of its members.

In my opinion, nowhere does there exist a professional body whose members respond more quickly, willingly, or with greater zeal and earnestness than do the members of our Credit Association—giving freely of their personal time and talents to the common problems of the organization and profession.

I am confident this same conscientious enthusiasm will be applied that those approved standards of professional conduct for credit personnel shall not be more hypocritical camouflage or a smoke screen of pious protestations and artful gestures behind which hides the quack credit administrator who wants to bask in the dignity and secure the emoluments, but does *not* want to share in the responsibilities.

Already much adverse criticism is abroad. We have merely to turn to our own magazine for a sample:

Norman A. Baillie writing in the February issue of CREDIT AND FINANCIAL MANAGEMENT says:

"Individualistic credit policy must bear its part of the responsibility for the depression." (Continued on page 22)

"If all credit executives were equally honest and fair and if no one sought to take advantage of another, rules would not be necessary. But human nature is frail and selfish and the greed for business often overrides the desire for fair play. Those who are inclined to 'chisel' must be restrained, and the collective force of the industry must do the restraining."

Collective and positive action will stem the tide. We can and will render adverse criticism and restrictive legislation unnecessary through so conducting ourselves as to deserve and inspire public confidence!

You who believe "cooperation is not a sentiment but an economic necessity"—you who believe honesty, fairness and service are indeed "the best policy" and that the Golden Rule is a thoroughly practical instrument of social and especially business conduct—shoulder to the wheel!

By our individual adherence to Credit's Code of Ethics we shall go a long way toward relieving Commerce of those vicious forms of competition which result in economic waste, social distress and damage to credit as a profession.

Canons of Ethics

(Continued from column 2 page 21)

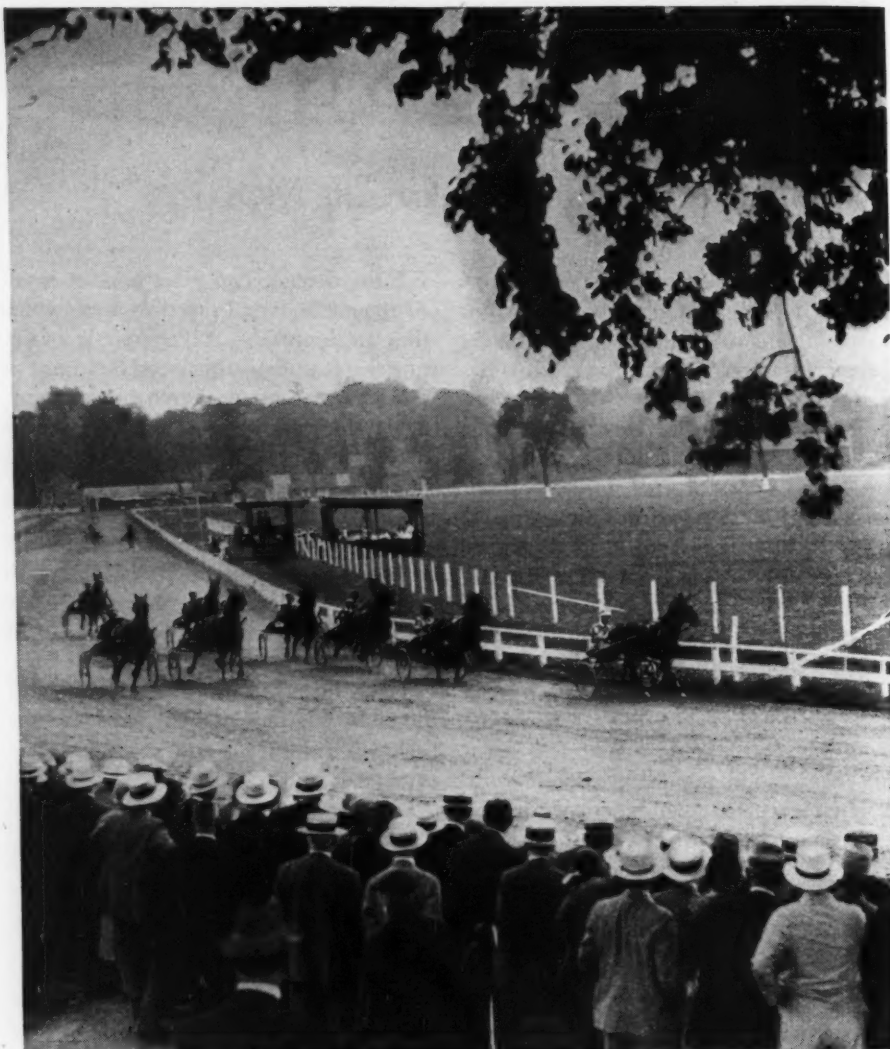
The sale, assignment or transfer of open accounts receivable without some form of publicity readily accessible to those who hold the obligation of the seller, assignor or transferrer constitutes a character of transaction perilous to the foundations of credit and therefore, unethical.

CANON NO. 15

When in the exchange of commodities for credit there is a promise, expressed or implied, to give for immediate value received the equivalent at some ascertained time in the future, the contract should be faithfully executed. When unforeseen disabilities occur for reasons beyond the debtor's control, it is not proper for him to extend the terms arbitrarily or refuse to compensate his creditors for the accommodation. Interest determined by the legal rate of the state of contract should be allowed for the extended time and a refusal to allow interest for the accommodation violates the sanctity of the contract, is dangerous to the credit relation and therefore unethical.

CANON NO. 16

The offer of a debtor to satisfy his debts at less than their face value constitutes a transaction in which extreme



Even in the county fair circuits they have strict rules for "hoss racing." Those who disobey these rules are "ruled off the tracks." Why not the same penalties for business?

candor and honesty must control. A composition that does not represent the utmost ability of the debtor to pay is dishonest. Any secret arrangement whereby a creditor receives a larger sum proportionately than is received by other creditors of equal standing is a reprehensible and unfair conspiracy.

In the entire field of credit confidence no transaction demands higher ethical standards, entirely devoid of unfair and dishonest practices, where the creditors should exercise the greatest diligence, than when a debtor seeks by composition to be relieved of the payment of any portion of his fairly contracted debts.

Bureaucracy ahead?

"It has long become apparent that no abstract formula other than the public convenience and welfare at a given time can determine the proper scope of governmental activities. The liberty of individuals in our Anglo-Saxon tradition

means not immunity from government, but liberty under law, and law means restraint for the common welfare. Under the increasingly congested and interdependent conditions of modern living, new governmental restrictions are being continually introduced, often in substitution for older forms of restriction which have become obsolete and are abandoned. We are not permitted to operate motor vehicles on the highways without an examination to determine competency. We are not permitted to sell milk or meat without an inspection to determine its purity and fitness for human consumption. We are not permitted to erect buildings without a permit and inspection to determine their safety. Will anyone claim that such restrictions are an invasion of liberty in any real sense, or in any sense that men have fought for? Will anyone claim that we would be better off without them?"

—John Dickinson

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

This month's collection letter:

Submitted for the approval of our readers by

W. C. NORTH, Credit Manager, Breyer Ice Cream Co.,
Newark, N. J.

Mr. Dealer:

Our Sales Department has told you of the many merits of BREYERS ICE CREAM and rightly so, for BREYER is synonymous with quality.

Now our Credit Department wants you to know that it too occupies an enviable position of merit. In the Credit and Financial World an account with BREYERS means an A-1 Credit Rating.

We occupy this position because we have exerted the utmost care in approving our charge accounts and because we insist upon the *rigid maintenance of credit terms*.

We know that you are proud to have an account with us, as we are proud to have your name on our books.

Let's keep this picture one of mutual Pride, for mutual Good Will is essential to mutual Profits.

Your statement is enclosed herewith. May we have a check?

Very truly yours,

Mr. Dealer:

You've heard the good news: "BREYERS AWARDED THE GOOD HOUSEKEEPING SEAL OF APPROVAL." And now our Company has inaugurated a spectacular advertising program to tell the public of this accomplishment.

You know, Mr. Dealer, such achievements are the result of Quality—Quality in merchandise and Quality in management.

As we are careful in the selection of ingredients for our product, so are we careful in the selection of our charge accounts. They both must be just right—Consistently A-1.

The BREYER PLEDGE OF PURITY now backed by the GOOD HOUSEKEEPING SEAL OF APPROVAL, will unquestionably increase your sales and that's our aim. Our business is a reflection of your business—may we both prosper.

Dear Dealer:

Our advertising and merchandising campaign is well underway and we are happy to report business has increased. Not merely a seasonable increase but something more.

Collections are better too, and that's important for, as a business man you know, it's no sale until the cash is received.

To be an enduring improvement, sales and collections must parallel. That is the basis of sound business. And to foster your business and ours along sound business lines shall ever be our concern.

For your effort, Mr. Dealer,
WE THANK YOU.

CFM Credit and Financial Management is desirous of receiving successful collection letters from its readers.

One of these is published each month. The letters presented may be

of any type; the one important requirement being that they have proven successful in actual credit department operations.

Supplementary to your collection letter

efforts, there should be reliance on Credit Interchange reports. With Credit Interchange reports before you on each of your accounts, you will attain maximum effectiveness in using the collection letters presented here, as submitted by our readers.

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

Score sheet of collection and sales conditions

State	City	Collections	Sales	State	City	Collections	Sales
Ala.	Birmingham	Fair	Fair	Mont.	Billings	Fair	Fair
Ari.	Phoenix	Good	Good		Great Falls	Fair	Fair
Ark.	Little Rock	Fair	Fair		Helena	Fair	Good
Calif.	Los Angeles	Good	Fair	Neb.	Omaha	Fair	Fair
	Oakland	Good	Good	N. J.	Newark	Fair	Fair
	San Diego	Good	Good	N. Y.	Albany	Slow	Fair
Colo.	Denver	Fair	Fair		Buffalo	Fair	Fair
	Pueblo	Fair	Fair		Elmira	Fair	Fair
Conn.	Bridgeport	Fair	Fair		Jamestown	Fair	Fair
	Hartford	Fair	Fair		New York	Fair	Fair
D. C.	Washington	Fair	Fair		Rochester	Fair	Fair
Fla.	Jacksonville	Fair	Fair	N. C.	Charlotte	Fair	Fair
	Tampa	Slow	Fair	N. D.	Grand Forks	Fair	Fair
Ga.	Atlanta	Fair	Fair	Ohio	Columbus	Good	Fair
Idaho	Lewiston	Fair	Fair		Dayton	Good	Good
Ill.	Chicago	Good	Good		Toledo	Fair	Slow
	Peoria	Fair	Fair		Youngstown	Fair	Fair
	Springfield	Fair	Fair	Okla.	Oklahoma City	Fair	Slow
Ind.	Evansville	Fair	Fair		Tulsa	Fair	Slow
	Fort Wayne	Fair	Slow	Ore.	Portland	Fair	Fair
	South Bend	Fair	Slow	Pa.	Allentown	Slow	Fair
Iowa	Burlington	Fair	Fair		Altoona	Slow	Slow
	Cedar Rapids	Fair	Fair		Harrisburg	Slow	Fair
	Davenport	Fair	Fair	R. I.	Providence	Fair	Fair
	Des Moines	Good	Fair	S. D.	Sioux Falls	Fair	Fair
	Ortunwa	Fair	Fair	Tenn.	Chattanooga	Fair	Fair
	Sioux City	Fair	Fair		Knoxville	Good	Good
	Waterloo	Good	Good		Memphis	Good	Fair
Kan.	Wichita	Fair	Fair	Tex.	El Paso	Fair	Fair
Ky.	Louisville	Good	Good		Houston	Fair	Fair
La.	New Orleans	Fair	Fair	Utah	Waco	Fair	Fair
Md.	Baltimore	Fair	Fair	Va.	Salt Lake City	Slow	Slow
Mass.	Boston	Fair	Fair		Bristol	Good	Good
	Springfield	Slow	Slow		Richmond	Good	Good
	Worcester	Fair	Fair	Wash.	Roanoke	Fair	Good
Mich.	Detroit	Good	Fair		Billingham	Fair	Fair
	Grand Rapids	Fair	Fair		Seattle	Fair	Fair
	Jackson	Fair	Fair	W. Va.	Spokane	Fair	Fair
Minn.	Kalamazoo	Fair	Fair		Bluefield	Fair	Fair
	Duluth	Fair	Fair		Charleston	Fair	Fair
	Milwaukee	Good	Fair		Clarksburg	Fair	Fair
	Minneapolis	Fair	Fair		Huntington	Fair	Fair
Mo.	St. Paul	Fair	Fair	Wis.	Wheeling	Slow	Fair
	Kansas City	Fair	Fair		Green Bay	Fair	Fair
	St. Joseph	Fair	Slow		Oshkosh	Fair	Fair
	St. Louis	Fair	Fair				

Collection and sales comments:

In Birmingham collections still run good in the majority, being fair in the metropolitan area of Birmingham. The agricultural district is good. Their sales are reported to be holding up fairly well, in the majority of cases, better than at the same time last year. . . . In Jacksonville, Florida, both the sales and collections for the first quarter of 1935 are substantially off, as compared with the first quarter of 1934. . . . Louisville, Ky., declares that the retail stores report better Spring and pre-Easter sales. . . . Springfield, Mass., says business improvement is being held up by restriction of credit. Big wholesalers are granting accounts accommodation of about \$15.00, compared with \$50.00 a little while ago, and being so nervous that they insist on payment of every little account before another \$15.00 or so is granted. Where sales were, perhaps, averaging \$70.00, they now average in comparison \$17.00 or so. Wholesalers look

with askance if a retailer orders \$30.00 or \$50.00 more than he usually has during the past two or three years. The retailer requires goods to increase his volume. He is paying his monthly accounts, but if those from whom he usually buys and who know he pays his accounts get scared, if he sees fit to

stock up owing to demand, what is he to do? As a result retailers are going into co-operative chains and buying cheaper elsewhere in a co-operative way. . . . Detroit has observed no noticeable change in the status of collections in that area. On current business, collections continue to be good. As employment increases, naturally, payments are being made on old indebtedness. The automobile factories continue with a fair degree of activity, although are not quite so great as was discerned in the early part of the year. Sales possibly have fallen off a bit but continue at a fair level considering every present circumstance of business. . . . St. Paul, Minnesota, declares that sales are slightly off in comparison to 1934. The state moratorium continues to delay refinancing and the uncertainty of what Washington may do also is interfering with progress. However, the outlook for the end of the year is very promising, as moisture condition for planting is much improved, and it is estimated that there will be an increase in acreage planted.

Summary

This month:

Collections:

Good 16
Fair 67
Slow 8

Sales:

Good 12
Fair 70
Slow 9

Last month:

Collections:

Good 30
Fair 71
Slow 14

Sales:

Good 17
Fair 78
Slow 12

SIMPLER *and* FASTER



● Burroughs' keyboard is built for speed. Two or more keys and the motor bar can be depressed at one time. This often permits adding or subtracting an entire amount by a single stroke.

This new Burroughs is so fast, simple and easy to operate—it offers so many time and money saving advantages—you will surely want to see it demonstrated on your own work. Call the local Burroughs office today, or write direct for illustrated, descriptive folder.

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

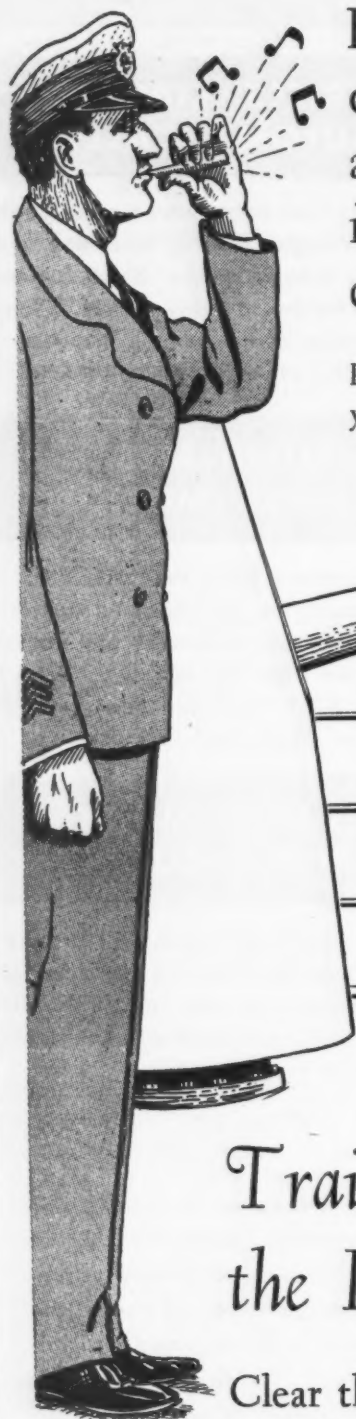
BURROUGHS ADDING MACHINES

ADD • SUBTRACT • MULTIPLY

ACCOUNTING AND CALCULATING MACHINES • TYPEWRITERS • CASH REGISTERS • CORRECT-POSTURE CHAIRS • SUPPLIES

When writing to advertisers please mention Credit & Financial Management

Clear the Decks!



How can a business organization "go into action" on Spring business if the decks are congested?

Past due Accounts Receivables hamper your handling of new business.

Train Your Guns on
the Important Targets

Clear that deck of the accounts that
cause you trouble and needless waste motion.

Send your business to the

COLLECTION BUREAUS

affiliated with

National Association of Credit Men

One Park Avenue

New York, N. Y.

Self-help

Thirteen self-help associations, with 722 members, were in operations in the District of Columbia at the beginning of February, 1935. These groups, formed among the unemployed, have been engaged in various activities. Hundreds of articles of clothing, etc., have been made by the women's sections, using materials obtained from the Federal Surplus Relief Corporation. Eight of the 13 groups, with nearly 70 percent of the total membership, are composed of Negroes; among these are some of the most active and resourceful of all the groups.

Durable-producers goods hard-hit

The study, entitled "Corporate Earning Power in the Current Depression," has been made by Prof. W. L. Crum on the basis of corporate income tax returns covering the years from 1919 through 1933 for the major industrial divisions, agriculture, mining, manufacturing, construction, trade, and service, and for various groups and subgroups, such as foods, textiles, chemicals, metals, lumber, iron and steel, motor vehicles, canned products, sugar, petroleum, cotton goods, coal, retail and wholesale trade, and so on, "Domestic Commerce" reports.

For all these the measure used is the ratio of net income, as defined for tax purposes (less taxes), to gross income. This profit ratio for all corporations combined, following wide fluctuations in 1919 and 1921, moved fairly steadily from 1922 throughout the entire period of sustained prosperity to 1929. In the ensuing depression there were successive violent reductions in this profit ratio. For the composite list of corporations studied, profits went to zero in 1930, and by 1932 the ratio was below —5. The preliminary figures for 1933 indicated a vigorous recovery from the low point of 1932, but the profit ratio for all corporations combined still remained below zero.

The record for the individual industrial divisions revealed a striking diversity at various points, and further differences were found not only among the principal manufacture groups but also among some of the subdivisions of these groups. Corporate earnings in the food, tobacco, printing, and chemical industries, for instance, remained considerably more favorable (*Cont. on p. 45*)

1935: Credit Interchange Year

What do YOU Think?

Send us your opinions in this "straw" vote

LEGISLATIVE SECTION

QUESTION I

Do you favor continuation of the N.R.A.? (Check 1.)

- A. "As is"
B. "Not at all"
C. "Revised"—Eliminating all but
.....
.....

QUESTION II

After 2 years experience, do you favor continuance of the "price-fixing" sections of the codes?

- A. Yes
B. No

QUESTION III

Would you vote for the proposed holding company bill?

- A. Yes
B. No

QUESTION IV

Would you vote for the proposed banking bill?

- A. Yes
B. No

QUESTION V

Do you favor continuance of present processing taxes?

- A. Yes
B. No

BUSINESS SECTION

QUESTION VI

Are *your* firm's inventories NOW above the 5 year depression average? (The 5 years broadly include from January, 1930 to January, 1935.)

- A. Above
B. Below
C. Same

QUESTION VII

How do your firm's operating profits in the first 4 months of 1935 compare with the same period last year?

- A. Above
B. Below
C. Same

QUESTION VIII

What is the average percent of your firm's 1935 activity compared to the same period in 1933?

- A. Higher%
B. Lower%
C. Same

QUESTION IX

What is the average percent of your firm's 1935 activity compared to the same period in 1929?

- A. Higher%
B. Lower%
C. Same

QUESTION X

Do you find wholesale collections, compared with the same period in 1934, to be more favorable this year?

- A. Easier
B. Harder
C. Same

The first burlesque show was a Greek comedy called "The Battle of the Frogs and the Mice". It burlesqued the pompous citizen and made much of the man-in-the-street, the mice. The show was, of course, full of frogs, known better for their limbs than their voices, and this fact may be the real reason why there is so little need for plot in a musical comedy. There is also the burlesque type of story such as the one about the suppliant for the job of night watchman, who, when asked what his qualifications were, replied hopefully that he was a very light sleeper.

Of course, none of this is applicable to our representatives. They're always wide awake and anxious, as well as competent, to please.

**The Connecticut
Fire Insurance Company
of Hartford, Conn.**

Cash Capital.....\$2,000,000.00
Net Surplus.....11,013,713.79
Assets.....19,130,425.82

SIGNED (Your name will not be used)

TYPE OF FIRM: Manufacturing.....Banking.....Distributing.....

LOCATION: East.....Mid-West.....South.....Pacific Coast.....South-West.....

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

When writing to advertisers please mention Credit & Financial Management



Paging the new books



Reviews of the important books on business, to aid executives whose reading hours are limited.

This month's business book

A PROGRAM FOR UNEMPLOYMENT INSURANCE AND RELIEF IN THE U. S. By A. H. Hansen, M. G. Murray, R. A. Stevenson, and B. M. Stewart. University of Minnesota Press, Minneapolis, Minn. \$2.50.

With the current discussion of unemployment insurance entering the stage of lively debate, because of the introduction of such panaceas as Mr. Townsend's and Senator Long's, this publication serves an excellent purpose. It brings us an impassioned, reliable study of the subject. Of its four authors, three have direct, practical experience with the problems of unemployment while Dr. Hansen has been recognized as an economic writer of the first rank ever since his "Economic Stabilizations in an Unbalanced World," published some three years ago and reviewed in this department.

As its title implies, this presents the fundamentals of a program for this country. It favors the plan of the Ohio Commission as opposed to the Wisconsin plan (state pools of funds rather than separate plant reserves), considers the inter-relationships of insurance and relief, the roles of the federal and state governments, problems of fund invest-

ments besides thorough consideration of details too numerous to list here. Less than 200 pages in size, it provides a clear, well-balanced analysis. —P. H.

Presenting the possibility of plenty

THE CHART OF PLENTY. By Harold Loeb. The Viking Press, N. Y. \$2.50.

From Washington, D. C., in recent months, there has emanated a remarkable series of books on our capacity to produce and consume, prepared by the staff members of the Brookings Institution. They have tended to give the impression that in 1929, for instance, we could not have produced a much greater amount of goods than we actually did; accordingly, the "age of plenty" advocates have been partially discredited as being premature and over-optimistic in their statements.

The climax of the "age of plenty" group was reached by the Technocrats of yesteryear. Out of favor though they may be today, they did set many to thinking about the possibilities, if not the probabilities, of an "age of plenty."

One of the saner voices in the Technocratic movement was that of Harold Loeb. In this new book he and his associates, through the recently conducted National Survey of Potential Plant Capacity, have looked at the economic scene from the viewpoint of engineers. Their findings reveal the actual possibility of American industry supplying all of us, with the 1929 production facilities, of goods and services valued at over \$4000. per year at the 1929 price average.

The survey was based on a study of actual and potential productive factors. It is neither pro or con as regards the profit system, looking only at our industrial set-up from a "use" rather than a "profit" viewpoint.

In a large chart, included with book, is a clear summary of the survey's statistical finding that admirably supplements the text. This study of "industrial non-production" is an intriguing affair, worthy of any American business man's consideration. —P. H.

Money today and tomorrow

THE FUTURE OF MONETARY POLICY. Oxford University Press, N. Y. \$4.00.

This is by far the most lucid work on money that has been reviewed on this page in the past five years. Contrary

to general opinion, a book on money need not be dry-as-dust and here that point is proven. What makes this work more remarkable is the fact that several economists, not one, worked on the development of "The Future of Monetary Policy;" yet the result is a pointed, clearly understandable tome, which is rarely the case in a collaborative effort.

You'll get your money's worth if you read only the summaries at the end of the three sections on "Problems of policy," "Monetary Policy and Production," and "Monetary Policy in the International Sphere." Actually, if you read the summaries first, there will be little, if anything, that will be able to keep you from the other chapters. If you're interested in money's role today and tomorrow, here's your book. —P. H.

International view of credit

CREDIT AND INTERNATIONAL TRADE. By Barnard Ellinger. Macmillan & Company, N. Y. \$3.00.

This book is full of interesting instruction and is concerned with the world's international trade in commodities and describes how these commodities are carried round the world on an endless belt of credit.

In order to give life to the transactions, names have been given to all the people who produce and handle the various commodities described. The book is very practical and in many cases examples of actual credit instruments which are used in daily practice are shown. These credit instruments are explained from the business standpoint and not from the legal or banking point of view.

One of the important points that the book brings out is the fact that international trade is carried on between individuals and not between nations. The author also points out the various dislocations which can be caused in the world's economy by changes in the habits of people or in the wants which they desire to satisfy.

The use of credit in helping in the producing and moving of commodities is carefully analyzed and as a source of intelligent information for the business man who wants to understand something of the reality behind the various documents he has to handle in the course of daily business routine, this book will be found especially helpful.

—K. H. C.

CREDIT and FINANCIAL MANAGEMENT MAY, 1935

 Insure profits in 1935 with Credit Interchange Reports



STRAIGHT FURROW

ACROSS the field of insurance The Maryland, since it was founded in 1898, has plowed a straight furrow with these two business tenets:

A policy sold on an unsound basis or to anyone who does not need protection, does the customer a wrong.

The Maryland will not seek under any circumstances to escape payment of a fair and just claim.

Ten thousand agents of The Maryland are putting their hands to the plow to turn a straight furrow.

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MARYLAND
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Co-operation Does It !

**CREDIT INTERCHANGE BUREAUS
NATIONAL ASSOCIATION OF CREDIT MEN**
Executive Office: One Park Ave., New York, N. Y.
General Office: 1111 North Dearborn St., Chicago, Ill.
The accuracy of this Report is not guaranteed. Its contents are prepared in good faith from numbers sent to you by this Bureau without liability for negligence in procuring, collecting, summarizing or failing to communicate the information as gathered.

REPORT ON: **ANY DEBTOR ANYWHERE**

BUSINESS CLASSIFICATION	DATE OF LAST SALE	HIGHEST CREDIT	AMOUNT OWED	AMOUNT PAID	DATE OF SALE	NUMBER OF PAYMENTS	DATE	COMMENTS
MARKET A 1010-1232 Shoe	8-34 Yrs 1-30	3677 1070 792	3665 1070 200	3006 200	60			No paying experience 60-70
MARKET B 1011-2179 WRAP WRAP	Yrs 5-32	10-34 6-34	11 1	1000 470	60			2-10-60 2-10EOM-60
MARKET C 1011-601 Clo	1931 5-34	1931	193	193	30			30 Dating 7-10 8-10 8-10 8-10 30 2-10EOM Takes Unearned
MARKET D 1011-369 Mfgs	10-34 Yrs 9-34 Yrs 9-34 Yrs 10-34	348 156 1065 1267 230 225 4 300	348 156 1065 1267 230 225 4 300	171 56 4 4	2-10			
MARKET E 1011-215 Mfgs Mfgs Mfgs Mfgs	10-34 Yrs 9-34 Yrs 9-34 Yrs 10-34	348 156 1065 1267 230 225 4 300	348 156 1065 1267 230 225 4 300	171 56 4 4	2-10			
MARKET F 1011-436 Shoe Mfg	Yrs 7-34 Yrs 8-34	7-34 8-34	7-34 8-34	7-34 8-34	7-34 8-34			
MARKET G 1011-65 Clo	1931 9-34	1931	193	193	30			
MARKET H 1011-449 Shift	9-34	9-34	9-34	9-34	9-34			
MARKET I 1011-449 Shift	9-34	9-34	9-34	9-34	9-34			

INDUSTRY CREDIT INFORMATION

CREDIT GROUP INFORMATION

WONDER WHAT THIS PICTURE IS?

GEE! THIS IS JUST PART OF THE PICTURE

BRING THOSE PIECES UP HERE AND LET'S FINISH UP A REAL REPORT

YOU'RE HOLDING UP THE WHOLE WORKS COME UP HERE AND CO-OPERATE

Everyone with information on a Debtor must co-operate if a completely accurate appraisal of his buying and paying habits is to be made. Creditors will serve their own best interests by co-

operating through a creditor-owned, creditor-controlled, cost-operated clearance system that gives creditors, in all markets and industries, all the information available on each Debtor.

There is only one such System

CREDIT INTERCHANGE BUREAUS

• • National Association of Credit Men • •

NEWS ABOUT CREDIT MATTERS

A Section Devoted to Association Affairs

Why Be A Mule?
Join The Zebras!

MAY, 1935

40th Annual Convention
Pittsburgh June 17-21

Bermuda Cruise Is Added Lure For Chicagoans

To Spend Week Following Convention In Ocean Trip

Chicago.—"On to Bermuda" is the slogan of the large number of credit executives and their families now making reservations on the special convention train which will pull out of Grand Central station in Chicago on Sunday, June 16. Secretary J. F. O'Keefe indicated late in April that it might be necessary to run the train in two or more sections, judging from the large number of inquiries being received about the Chicago Special to the Pittsburgh convention, June 17 to 21.

On Friday afternoon, June 21, the Chicago party will go on to New York. After a morning spent in sight-seeing the party will sail at 3 P. M. on a seven day's cruise to Bermuda and return.

The cost of the entire trip from Chicago to Pittsburgh, on to New York, the cruise to Bermuda and back to Chicago is \$169. This figure includes all costs from the time the train leaves the B. & O. station in Chicago until the porter shouts "All-out!" upon the return to Chicago with the exception of meals at Pittsburgh.

Chicago delegates who went to the Los Angeles convention on the special train directed by Secretary O'Keefe, were among the first to register for the Pittsburgh-Bermuda special. They point out that all of the worries of travel are eliminated under the O'Keefe method for taking care of all details such as room and berth assignments, baggage transfer, etc.

The return trip from New York to Chicago, after the Bermuda cruise, is to be made by way of the Michigan Central with several hours stop on the Canadian side, where the location of the railway tracks makes possible a long to be remembered view of the Niagara Falls by daylight and again when illuminated at night. Dinner will be served at the General Brock hotel at Niagara.

Duncan Is Named Credit Chief of Natl. Distillers

Louisville.—L. D. Duncan, formerly Credit Manager of the American Medicinal Spirits Company, has been called to New York City, where he is in charge of credits for the National Distillers' Products Corporation.

Mr. Duncan has been most active in the affairs of the Louisville Association, having served as president of that organization during 1932 and 1933, and when called to New York was on the local directorate and was membership chairman. Mr. Duncan carries with him to his new position, the sincere good wishes of the entire Louisville credit fraternity.

Barnett Heads Charlotte

Charlotte.—C. J. Barnett, the Grinnell Company, Charlotte, on assuming the presidency of the Carolina Association of Credit Men, announced an active membership campaign which will have as its objective an expansion of the activities of the association work to reach every eligible manufacturer, wholesaler and banker in the Carolinas. Plans also were started to have a full quota of delegates attend the N.A.C.M. convention in Pittsburgh in June.

ALL TIME RECORD?



F. R. LANDAU

He obtained 80 new members for NYCMA. His New York friends say this is an all-time record. Who can show a better one?

R. B. McFadden Honored

Oklahoma City.—R. B. McFadden, who for the past five years has served as credit manager for the Alexander Drug Co., of this city, has been elected treasurer of that corporation. Mr. McFadden is a director of the Oklahoma Wholesale Credit Men's Association. The Alexander Drug Co. is one of the largest distributors in Oklahoma.

Close Contest in Drive for New Members

Francis R. Landau Sets Fast Pace for New Yorkers With 80 New Names Credited to Him in Year

Before this issue of the magazine is published, the annual contest for honors in the campaign to advance the membership of the National Association of Credit Men will be closed. The rules of these annual tilts among the affiliated associations provides for a final check up of the records on April 30 as the new fiscal year of our organization starts on May 1. The annual award of the big silver trophy to the association making the largest gain in membership on a percentage basis is one of the high spots of the national convention.

New York Credit Men's Association is making a strong bid for this honor this year. This association is by a considerable margin the largest of the 127 now affiliated in the National Association of Credit Men. So its bid for the membership trophy on a percentage basis is of particular significance. In the April issue of Credit Executive appears a list of 84 names of New York members who have secured one or more new members for the New York association since July 1, 1934. There were 45 of this total of 84 who obtained one member; 11 obtained two new members; 6 secured three new members. Two registered in each class for 5, 7 and 9 new members each; one obtained six and other individuals were each credited with 10, 12, 13, 14, 25, 30, 35 and 38 members. One man, Francis R. Landau, single-handed, has been credited with obtaining 80 new members during the year. Certainly Mr. Landau wins the individual honors for all time and all places. (If we are wrong, let us hear from some of the old-timers

New Public Works Law In Alabama

Birmingham.—Enactment of a new law relating to bonds of contractors on public works is one of the accomplishments of the Birmingham Credit Men's Association. The bill has just been signed by the governor and is now in operation as a protection to those providing materials and supplies on public contracts in Alabama.

The new law requires a bond of 50 percent of the contract for the protection of those selling to contractors. It also makes it necessary to prove only that the material or labor was supplied for the particular job covered by the bond. Creditors need not join with others in filing suits under this new law and may

file such suits after giving 45-day notice to the contractor and the bonding company.

The contractor is compelled to give 30-day notice that he has completed his work and that final settlement with the public authority will be made upon a specified date. This provision gives creditors notice so they may file claims before settlement is made with the contractor.

D. W. Strickland, Credit Manager, The Ingalls Iron Works Co., Birmingham, and a member of the National Legislative Committee, was one of the leaders in obtaining the adoption of this new bond law in Alabama.

NACM News and Notes

who can recall a better individual record.)

Chicago.—Five women credit executives, members of the Chicago Association of Credit Men, are now designated as "Zebrettes." Reference to the "Zebrotation" brings the information that a "Zebrette" is a female Zebra. Your correspondent has not been able to learn the real reason for the insistence on the part of so many Chicago women credit executives for admission to ROZ, but we have a faint suspicion that it was because of the appeal of those very attractive Zebra hats. The ladies thought these hats "just too cute" and immediately proceeded to earn the right to wear them.

Secretary Jeff O'Keefe, who is quite proud of the fact that his Zebra herd now numbers more than 50, has proposed to President Fred Roth of N.A.C.M. that a Zebra Parade be staged as a part of the festivities at the national convention in Pittsburgh on June 17 to 21. The Chicago party coming to the convention and on to Bermuda will be composed for the most part of Zebras.

The activities of the Zebras in the Chicago association resulted in obtaining 86 new members out of a total of 125 announced on April 1. Jeff O'Keefe hastens to advise that this total of 125 new members is but the "first fruits" of the membership campaign.

G.A.C.M. Offers \$10 for New Name for Bulletin

Chicago.—Ten dollar cash prize is offered to the member of the Chicago Association of Credit Men who submits a substitute name of the Monthly Bulletin, the official monthly publication of the Chicago Association. Up to date 56 new names have been submitted. In announcing the prize offer, the publications committee stated that the new name should be one which (1) is indicative of the present character of the association's publication and (2) when mentioned in newspaper copy for example is sufficiently impressive to add prestige to the Association.

New Quarters at Peoria

Peoria.—Peoria Association of Credit Men recently moved into new quarters which provide more advantageous space for the Association services. The membership campaign started in mid-March is showing exceptional results. More enthusiasm for the Association is manifest now than any several years.

Credit Careers

George J. Gruen, Gruen Watchmakers' Guild, Cincinnati, for years has advanced the idea that the credit executive is one of the more important members of the executive staff of any business house. It has been his argument that the credit department is of as much importance as the sales division and that the credit department should be a most important factor in selling at a profit.

Mr. Gruen first became interested in the work of the Cincinnati Association of Credit Men in 1912. He was named a director of that Association in 1918 and was elected president in 1920. After serving as president of the Cincinnati Association for two terms he was named a director of the National Association of Credit Men in 1923. In 1925 he was chosen as vice-president of N.A.C.M. and was then elevated to the president of the National affiliation in 1927. He is now giving generously of his time and long experience as a member of the Advisory Boards of the Cincinnati Association as well as of the local Service Corporation. While president of the National he served as chairman of a successful campaign to raise funds to prosecute commercial frauds. Since his first association with credit association work, Mr. Gruen has made a point of attending as many National and District conventions as possible. He has frequently declared that attendance at a National convention is like taking a postgraduate course in credit management, and says he gains as much from new ideas gathered in conversation with delegates as from the set program.

Shortly after Mr. Gruen and his brother, Fred J. Gruen, were taken into the business of their father under the firm name of D. Gruen and Sons, he was handed a suit case filled with sample watches and told to go out and sell them. Immediately



ately he wanted to ask a lot of questions as to what he should say and how he should act "on the road." The father knew that the young man would learn the answers to his question by contact with the trade. That initial experience has been Mr. Gruen's guide in his business life, as he came to realize that personal contacts with the trade are of most importance to credit man, salesman or factory executive.

Time Hill—the home of the Gruen Watchmakers' Guild—is one of the show places in Cincinnati. It is considered to be one of the most attractive and unusual manufacturing plants in the nation.

Mr. Gruen has two decided hobbies. He is an ardent gardener and an equally ardent stamp collector. Besides one daughter, he has two sons who are now engaged in the watch business. George, Jr., learned the art of skilled watchmaking and now has charge of the Horological Division at Time Hill. The other, Robert, is studying every phase of business administration and finance.

Mrs. R. W. Watson Injured

Los Angeles.—Mrs. R. W. Watson, wife of the president of the Los Angeles Credit Men's Association, is slowly recovering from a severe injury in an automobile accident early in March. Delegates attending the N.A.C.M. convention in Los Angeles remember Mrs. Watson very kindly as one of the group who did so much to provide entertainment for the delegates and their families during their memorable visit in the southern California metropolis last June.

Study Credit Analysis

South Bend.—"Credit Analysis" and "Collection Problems" were the subjects discussed at the monthly forum meeting of the South Bend Association on April 25. Howard L. Chambers, C.P.A., led the discussion of "Credit Analysis" and Clem K. Kuehne, of the H. D. Lee Mercantile Co., directed the discussion of "Collection Problems." The Elkhart-Goshen Chapters of this association met on April 4th and the St. Joseph-Benton Harbor Chapter met on April 11.

Business Must Carefully Study All Legislation

N.A.C.M. Activities Centered on Opposition to Wholesale Enactments of Laws

"There ought to be a law against that" seems to be the general conception of the way to correct business ills. The present session of Congress and the legislative sessions in most every state in the Union have been flooded this year with these "regulative" measures. Some of these bills were really humorous. An Indiana solon, for example, with serious pomp and flourish, proposed a bill to compel every school teacher in the state to wear red-white-and-blue collars and cuffs during the hours they were employed in school.

The legislative activities of the National Association of Credit Men this year have been based upon the general policy of opposition to wholesale amendments to present laws or enactment of new legislation.

Major bills opposed have been H.R. 5356 (to place referees under Presidential appointment); H.R. 145 (to amend composition, Section 12); H.R. 3650 (to suspend real estate foreclosures for five years); H.R. 4314 (1805) (to permit three secured creditors with claims amounting to \$1,000.00 to file under 77B) and several others bills of lesser importance.

Senate Bill 2297 (to discharge a bankrupt from taxes due the United States) has had our approval.

Many small bills, merely clarifying in nature, have had our tacit approval.

H.R. 6677 (to amend the Federal Bond Law) has had our active support and is a bill combining the good features of many other proposed amendments to this Act, the major of which is the requirement of a second bond for the protection of sub-contractors and material men.

Much concern on the part of our membership in regard to the Banking Bill, S.1715 and its companion bill in the House. The Federal Reserve System was sponsored, and its establishment in no small degree brought about through the efforts of this Association. It is apparently the feeling of a large number of our membership that it should be perpetuated.

NACM News and Notes

Service Bureau at Washington "in Production"

Number of Inquiries From Members Indicates Wide Need For New Service

Washington.—Operations in the new N.A.C.M. Washington Service Bureau are now in full "production." The Bureau already has handled a number of items for members of the national organization. It had been expected that it would take several weeks before the benefits of this new service might become known to the companies holding memberships in N.A.C.M., but the number of inquiries and the wide range of items so far reported upon by this bureau, indicates quite plainly the distinct need for this new service.

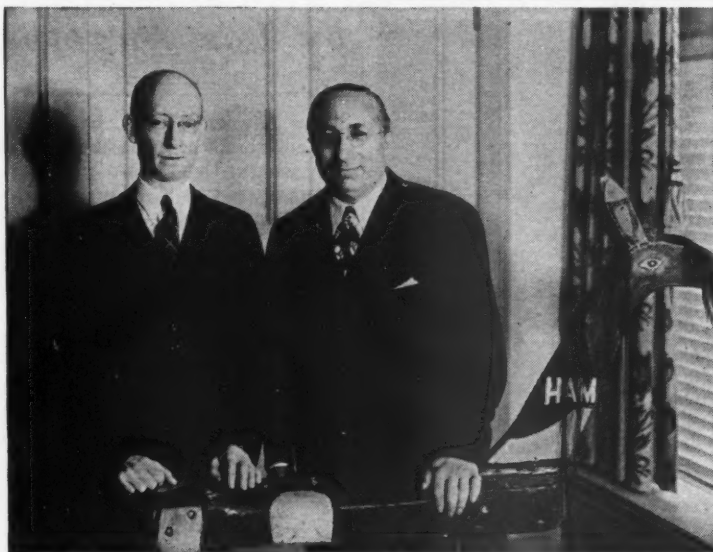
The questions so far presented to this bureau have a wide variety. One member wished to learn the name of a patent assignee, information needed at once in patent litigation. Several have written to ask about the routine to be followed when making a bid for government business. (This information by the way is covered in an article by the director of the Washington Bureau in this month's issue of CREDIT AND FINANCIAL MANAGEMENT.) Many inquiries have been received about the status of members' claims on government jobs. One inquiry out of the large grist so far received entailed a matter of legal opinion, which of course is not within the province of the Washington Bureau.

Quite a number of the inquiries so far handled by the Washington Bureau have not carried a charge for services. Only where the handling of an inquiry requires a considerable amount of time and contact work, will charges be made, but even in such cases the Bureau can do the work for members at a much lower cost than through their own representatives.

Most inquiries for service should be sent to the National Office at One Park avenue. In cases in which time is an important element, communications may be sent direct to the Washington Service Bureau at Suite 755, Munsey Building, Washington, D. C.

Insure profits in 1935 with Credit Interchange Reports

At L. A. Breakfast Club



David A. Weir, Assistant Executive Manager, N. A. C. M., spoke before the Los Angeles Breakfast Club while in the City of Angels during his recent western trip. Mr. Weir is shown with Mr. Louis Mayer, chief of Metro-Goldwyn-Mayer Pictures, standing near the famed horse of the breakfast club—Hamegg. Los Angeles newspapers quoted extensively from Mr. Weir's address.

New Jersey Association Receives in Commodious New Quarters in Newark

W. Randolph Montgomery Speaks at Opening Program In New Home

Newark.—Members of the New Jersey Association of Credit Men received their friends in the quarters of the Association in the Newark Chamber of Commerce building on April 29. W. Randolph Montgomery, general counsel of the National Association of Credit Men, made a talk at the dinner program which followed the reception. Mr. Montgomery's subject was "77-B," the new section covering corporate reorganizations under the federal bankruptcy act.

Secretary Whitney and his staff moved to their new quarters on April 16. The move, which was made necessary by the increased activities of the New Jersey Association, gives the staff at Newark greatly improved facilities for Association activities. The location in the Chamber of Commerce building also provides many advantages which were not possible in the former situation.

The New Jersey Association recently heard an important address by J. S. Rippel, president of the New

Jersey Bankers Association, on the "Effect of Currency and Credit Inflation." Mr. Rippel reviewed the period of so-called credit inflation during which time so many individuals were supposedly getting rich through speculation. The speaker made the point that this credit inflation should not have been allowed to get "out of hand" as plenty of means were then available to properly check upon this form of inflation. Currency inflation, the speaker said, was much more dangerous because of the tendency to let it go uncontrolled once it has been started.

W. R. Cole Retires After Long Credit Career

Waterloo.—W. R. Cole, credit manager of the Fowler Company, a wholesale grocery house in this city, severed his connection with that company as of April 1st, 1935. Mr. Cole has been connected with the Fowler Company and in charge of its credit department for forty-six years, and has been a loyal and active member of the Waterloo Association of Credit Men ever since its organization. His influence has had a great deal to do with the establishing of proper credit practices in the trade territory which his company serves.

Five Associations at District Meet at St. Paul Apr. 27

Full Day's Program is Enjoyed By Leading Credit Executives

St. Paul.—Five associations were represented in the large attendance at the 20th annual Credit Conference of the Northwest which was held at St. Paul Hotel on April 27th. The Associations joining in this conference were: Fargo-Moorehead, Grand Forks, Duluth-Superior District, Minneapolis and St. Paul.

The conference opened at 9 o'clock in the morning and ran through the day until 5 P. M., when adjournment was taken until a 6:30 dinner meeting, after which the delegates heard an interesting address by Henry H. Heimann, executive manager of N.A.C.M. Mr. Heimann's subject was "Recovery." The resolution adopted at the last national convention in Los Angeles endorsing the District Conference plan as an excellent means of credit education, certainly had a complete fulfillment at the St. Paul conference.

Among the interesting subjects discussed at the conference were: "The Turndown Sheet and How to Make It Click," "The Credit-Minded Salesmanager," "77-B of the Bankruptcy act." The Credit Clinic, a playlet presented by a cast of credit executives, brought out a lively and entertaining discussion of Interchange, Adjustments, Collections and other N.A.C.M. service features. H. L. Cummings was general chairman of the Conference and A. L. Sausen, president of the St. Paul Association, acted as host.

The program closed with a dance and feature entertainment at the St. Paul Hotel lasting until a late hour.

John E. Blaine, Treas., Globe Wernicke Co., Dies

Cincinnati.—John Ewing Blaine, treasurer of the Globe-Wernicke Co., and for a number of years an active leader in credit circles in the Cincinnati market, died late in March. Mr. Blaine succeeded his father as treasurer of the Globe-Wernicke Co. about 20 years ago. President J. S. Sproutt has announced that F. E. Kebler, who has worked with Mr. Blaine for a number of years, will be in charge of the credit department. D. B. Morrow, secretary, will take over the duties of treasurer.

NACM News and Notes

Credit Fraternity Mourns Death of Fred B. Atwood

Former President of Minneapolis Association and National Director, Died April 8

Minneapolis.—The credit fraternity lost an important personage through the death on April 8th of Fred B. Atwood, for a number of years secretary of the Forman Ford Company, wholesale glass and paint house of this city.

Mr. Atwood's activities in credit circles played an outstanding part in the development of trade in the Northwest. His influence also was important in the national scope of the National Association of Credit Men.

Mr. Atwood was president of the Minneapolis Association in 1916 and again in 1929, at the time the convention of the National Association was held in Minneapolis in June 1929. He had served on the board of directors of the Minneapolis Association for fifteen years, retiring from the Board in 1931.

Mr. Atwood served as Minnesota chairman of the first prosecution fund drive and his territory was the first to reach the quota. He was also very active in the second prosecution fund drive.

Mr. Atwood served as director of the National Association of Credit Men for three years, 1927 to 1930. He had always been very much interested in Association activities and had been one of the dependable executives to whom we looked for council and advice for a great many years. He was prominent on many programs of the district credit conference, and acted as principle speaker for meetings in Duluth, Fargo, St. Paul and Minneapolis on several occasions.

Mr. Atwood was one of the charter members of the Minneapolis Association of Credit Men when it was incorporated in 1912.

Forum Sessions Popular

Evansville.—Credit executives like to do their own talking, according to the results of a plan inaugurated some time back by this association. For the past two years discussions of vital credit subjects under the able direction of Harry C. Dobson have been presented by members.

CREDIT PIONEER



Fred B. Atwood
Former National Director, who died on April 18th.

Who's Afraid of a Big, Bad Huey Long Edict?

New Orleans.—Many winter visitors in Huey Long's state have been making observations about the operations of some of Huey Long's debt moratorium edicts. One of these, a staff correspondent for the "News Record" of New York, writes back to his paper after looking over the situation here that he found much more "bark" than "bite" in the moratorium laws. He pointed out that Huey's edicts do not seem to worry the New Orleans business people because they actually help in collecting on some accounts which had been written off the books. It also has been found that when a debtor has enough cash to take advantage of the moratorium law he need not worry about his debt.

Dallas Herd, Started on Feb. 15th, Boasts of 18

Dallas.—During the Southwest Credit Conference, held in Dallas, February 15th, the Dallas Royal Order of Zebras was inaugurated. Those possessors of this honorable degree wore the black and white Zebra caps throughout the entire conference, not excluding the evening banquet, and were the envy of the bareheaded members. The Zebra roster now lists eighteen members, with M. E. Williamson, of Otis Elevator Co. as the "Superzeb"; and C. C. Arnold, Fox-Coffey-Edge, the "Zebratary." The Dallas Zebras' Dutch Supper, held bi-monthly, is (we blush to admit it), the best attended Association function.

Clear the Decks, Is Slogan Used by Los Angeles

Los Angeles.—"Clear the Decks," the advertisement being used in the May issue of CREDIT AND FINANCIAL MANAGEMENT, is based upon a sales campaign recently used by Reid Fulkman, manager of the collection division of the Los Angeles Credit Men's Association. The slogan "Clear the Decks of Collections" made a strong appeal to credit executives.

Mr. Fulkman has been in credit work for 25 years. After several years of experience in Atlanta and Pittsburgh, he went to San Francisco where he acted as credit executive for a large automobile finance company. Later he went to Los Angeles and was for some time assistant to J. M. Rust, a former vice-president of the National Association. He was appointed manager of the collection service of Los Angeles C.M.A. at the time of the organization of that department in 1929.

As an active member of the Los Angeles herd of Zebras, Mr. Fulkman has been active in all of the local association activities.

44% Gain at El Paso

El Paso.—A 50 per cent membership gain for the Tri-State Association of Credit Men is the objective of an active membership campaign which will close on April 30. Up to April 1st the percentage of gain secured was announced at 44 per cent, with a number of good prospects still to be given a final canvass by the membership committee.

SLOGAN WRITER



Reid Fulkman
Los Angeles, who wrote "Clear the Decks" Adv. for Collection Division.

Executive Manager Is Honored at Big Orleans Festival

Largest Attendance of Year For Dinner-Dance at Southern Yacht Club

New Orleans.—The largest attendance at any of our Association meetings turned out Saturday March 30th at a dinner-dance to honor Henry H. Heimann, Executive Manager of the National Association of Credit Men.

This dance and meeting was held at the Southern Yacht Club on the shores of Lake Ponchartrain in a picturesque setting. There were 240 present at a dinner-dance to honor Henry H. Heimann, whose subject "What Direction Security?" portrayed trends in our business and social life. Mr. R. L. Simpson, President, presided.

A number of attendance prizes were distributed including three won by the representatives of the Gulf Refining Company.

Mr. Heimann presented an arm bouquet of red roses to Miss Irene Lamm, Credit Manager of the Myles Salt Company, for most consistent use of the Service Departments of the Association during the past year.

R. L. Simpson presented Mrs. Heimann with an arm bouquet of roses.

Dancing was indulged in to a late hour. The evening was thoroughly enjoyed.

9 Mules Gain Stripes At Oakland Zebra Round-up

Oakland.—Nine "mules" in the Oakland Association of Creditmen gained sufficient stripes to classify as Zebras and 13 new members have been added to the roster of the Oakland Association since a recent "division of the Herd." This division was arranged by way of a contest between the White Stripes and the Black Stripes. The first Zebra initiation here on April 12 brought a large herd into the corral. An order for 30 Zebra caps has been placed and it is confidently expected that each one will adorn a new Zebra head before the close of the fiscal year. In the race between the White Stripes and the Black Stripes the leadership had exchanged five times in two weeks up to the 15th of April. At no time in this period did either team have a margin of more than two new memberships.

NACM News and Notes

Celebrates 21st Year as Mentor at Wichita, Kan.

Wichita.—M. E. Garrison, secretary-manager of the Wichita Association of Credit Men, recently observed the 21st year of his service as chief of the local association. The occasion was marked by a special edition of *Creditalk*, the Wichita's association house organ. Wichita newspapers also remarked upon the occasion and printed lengthy reviews of Mr. Garrison's activities with the local association. The Wichita association was organized in 1904 and incorporated in 1911. Mr. Garrison assumed the office of secretary-manager in 1914. He has attended most of the national conventions of N.A.C.M. since 1914 and has a wide circle of friends among the members of the National Association.

Credit Women Hosts at Style-Show and Dinner

Louisville.—The Credit Women's Club of the Louisville Credit Men's Association presented an innovation on the evening of April 24, when this group sponsored a dinner, style-show and card party for the entire Association membership and its friends.

Elaborate arrangements had been perfected, in co-operation with one of the largest department stores in Louisville, and fifteen beautiful mannequins displayed forty-five complete changes of costume during dinner, which was held on the Brown Hotel Roof. A well-known orchestra had been engaged and special entertainment was offered.

The committee in charge was composed of the following: Betty Morgan, Georgie Haas, Amy Jacobs, Anna Mae Wientjes, Chairman.

L. A. Women to Compete in Trade Group Night

Los Angeles.—The Women's Division, under the leadership of Miss Lucy Kyriss, chairman, is making a bid for the group honors at the annual group session of this association which is tentatively slated for May 23. At a recent group night program by the San Francisco Association, the Women's Division captured the honors by a wide margin. The Los Angeles women, not to be outdone by the up-staters, are working for a 100% attendance of their group at the May meeting.



ZEBRAFFAIRS



Inaugural "hee-haw"

There's supposed to be one good way to approach a Zebra. And that is the direct way, for he is a friendly soul, but when you want the picture of a Zebra, it's sometimes necessary to be indirect about it.

Accordingly, when we wanted the photograph of A. D. Johnson, reproduced below, for this "Zebraffairs" column, we thought it best to get in touch with Owen Dibbern, Western



"Zebe" Johnson

A leading Zebra from the Los Angeles herd.

Division Manager, of the N. A. C. M. He was kind enough to help us in contacting Mr. Johnson, and shortly thereafter a letter arrived from Mr. Johnson, saying that the photograph was on the way.

"The photographer made an error in retouching," Mr. Johnson pointed out in his letter to us, "and blocked out the long ears, also the sound effects are missing, but I can still bray loud and lustily for the Zebras."

And we're happy to give Mr. Johnson the lead position in this monthly feature so that he can start it off with the "hee-haw" used for inaugurals in the Zebra organization.

Don't ask us what the Zebra "hee-haw" is like! Not being eligible for membership, of course, the Editors just wouldn't know.

Zebra Groups

Growing Rapidly

By "KEMM" HOUTON
Of Los Angeles Herd

Sired and nurtured on the slopes of the Pacific, content to grow, in its own quiet and unheralded way, the Zebra herds of Los Angeles and other Pacific Coast cities have sprung into national prominence until the erstwhile docile animal has grown into a ponderous pachyderm in size, daily playing a greater part in the credit and economic welfare of the nation.

While the Zebra is somewhat past the colt age, being introduced to the credit world several years ago, it was not until the last national convention, which was held in Los Angeles, that the spark of Zebraism ignited and almost overnight the generated enthusiasm of the visiting delegates to the great work and accomplishments of the striped organization soon resulted in the braying of the herd being changed from a regional to a national aspect at a swift and almost unheard of momentum.

Entrance to the envied portals of the Zebra fraternity can be secured by signing two new members in your local association of credit men, this automatically admits the members to the national association. To remain in good standing it is necessary to secure one new member each year.

While the primary function of the Royal Order of Zebras is to introduce the indispensable services of his local and national credit chapter to every legitimate wholesaler, jobber and manufacturer in his respective locality, the royal order is also known by the appellation of the "fun chapter" of the association.

Frequent treks to unusual and quaint places either to the mountains, seashore, or some inland retreat for an evening of rare entertainment is the deserving reward to all qualified Zebras. It is a small wonder that the innate desire of all credit men is to become Zebras.

Through Zebraism we can contribute in no small part to the economic upbuilding of the financial welfare of our great nation. Zebraism means increased membership and added strength in our local and national associations which in turn will add to our pride in the profession which we represent.

Chester H. McCall Speaker at Forum in Richmond Apr. 3

Richmond.—Chester H. McCall, formerly editor of *CREDIT AND FINANCIAL MANAGEMENT* and now special assistant to the Secretary of Commerce, addressed a forum meeting of the Richmond Association of Credit Men, Inc., in the Federal Reserve Bank auditorium on the evening of April 3. The meeting attracted an unusually large number of executives.

On Thursday, April 25, Mrs. Geline MacDonald Bowman, President of the National Federation of Business and Professional Women's Club, addressed the members of the Richmond Association of Credit Men, Inc., and their wives at a dinner meeting at the Commonwealth Club. Mrs. Lula C. Dickerson, of Froehling & Robertson, Inc., was chairman.

The annual meeting of the Richmond Association of Credit Men, Inc., will follow a Golf Tournament and Outing at the Laurel Golf Club in May.

Richmond expects to invite the 1936 Convention of the National Association of Credit Men, and tentative plans have been made for an all day visit to Williamsburg, Yorktown and Jamestown Island, and at least one of the historical river estates. The restoration at Williamsburg financed by Mr. Rockefeller makes it one of the most unique and attractive spots in America and of unusual historical significance.

Iowa Legislature Votes 2 Year Debt Exemption

Des Moines.—The Iowa Legislature at its present session voted a two year extension of the \$500 debt exemption which was originally voted at the special session in 1934. This action extends the exemption measure until the close of 1937. Credit men were active in their opposition to the measure as it places country merchants with small stocks beyond the penalties of judgments and executions. The result of this exemption statute has been to place a majority of the small merchants upon a cash in advance or a C.O.D. basis.

Paint Group at Providence

Providence.—A paint group has been formed among the members of the Rhode Island Association of Credit Men. Plans are now in hand for establishing a group among those handling credits in the liquor industry.

Housing

Substandard housing conditions—overcrowding, houses in bad repair, and deficiencies in plumbing, lighting, and heating facilities—are widespread in American cities. This was disclosed in the real property inventory made by the United States Bureau of Foreign and Domestic Commerce. The study covered 2,633,135 dwelling units, in 64 cities. Nearly 40 percent were occupied by their owners. More than 90 percent were equipped with electricity for lighting and 69 percent with gas for cooking. One outstanding feature of the study was the surprisingly large proportion of houses which were without sanitary plumbing; 23 percent of the homes had no bath, and 17 percent had no indoor toilet facilities. Nearly 59,000 houses were found to be unfit for habitation and yet over 70 percent of these were occupied at the time of the survey.

Cooperatives

In 1933 there were in the United States 18 productive enterprises owned and being operated cooperatively by the workers themselves. Eight of these, which furnished reports to the Bureau of Labor Statistics, had 1,181 shareholders (447 of whom were working in the plants) and 650 nonshareholder employees. Although these societies suffered from the depression they were able to increase their sales considerably from 1931 to 1933. The 1933 business amounted to \$3,629,470. Only 3 societies were able to make a profit on the year's activities; for all 8 societies combined there was a loss of \$86,938. These enterprises paid in wages during the year \$772,073.

Job insurance

A review of the operation of the Wisconsin unemployment reserves and compensation act since it took compulsory effect July 1, 1934, shows that about 3,400 firms employing approximately 300,000 workers are subject to the act. Nearly two-thirds of the employers have established "exempted" benefit plans approved by the State Industrial Commission and in most cases these employers are creating reserve funds separate from other company assets. The 2 per cent unemployment reserve contributions for all employers combined are expected to average about \$450,000 per month. Benefits which become payable after July 1, 1935, will be based solely on employment and unemployment occurring after that date.

What's ahead— for **YOU** and Your Business?

HERE are vital facts you must have if you are going to protect your own business and your own profits. . . . What's ahead for the businesses to whom you extend credit? Are they headed for bankruptcy or new and higher levels of prosperity? The answers to these questions will determine, come rain, come snow or come inflation, the success or failure of your own business.

NOW for the first time the complete and comprehensive facts are available for the immediate use of Credit Men in *America's Capacity to Produce* and *America's Capacity to Consume*.

Your Customers lived these Books

THESE TWO BOOKS are a record of their lives in terms of what they sell and what they buy. In their pages you will find authentic pictures of all industries and all markets: the food business, the oil business, the automobile industry, utilities, the coal and coke industry, transportation, the cement industry, etc. Here are accurate figures on bankruptcies over a number of years, on the rise of productive power in this country and the specific reasons why consumption lags.

THE UNBIASED PICTURE

Realizing the need for an accurate and understandable picture of our present economic structure and the crisis which we are facing, the well-known Brookings Institution, of Washington, D. C., undertook to present this picture in scientific fashion. They have no axe to grind, consequently their findings are impartial, unbiased and thoroughly sound from the credit man's point of view.

• • •

Only by knowing the capacity of each industry to produce and the capacity of its corresponding market to consume this output,

can you safely know what lies ahead for you and your business. These books are not for the short-sighted man but for the progressive executive who plans not only for today, but also for tomorrow and the next year and the year after.

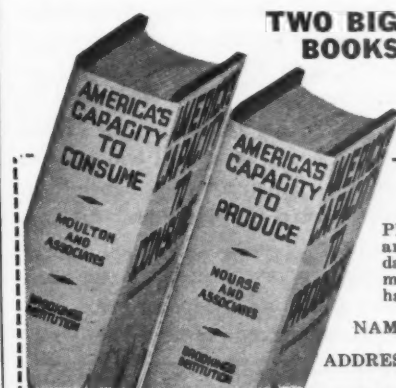
MONEY FOR YOU!

The Law of Supply and Demand has not been repealed. The Law of Supply and Demand will make money for you if you understand its broad and far-reaching possibilities. *America's Capacity to Produce* and *America's Capacity to Consume* will give you that invaluable understanding in their graphic and comprehensive picture of American Business and Industry as a producing machine: in its detailed analysis of those facts and circumstances which make for a profitable turn-over, and in their expose of the pit-falls that upset normal consumption.

You, as a progressive Credit Man cannot afford to be without this mine of substantial information which will give you added means for knowing reasonable and unreasonable risks in Business Financing.

HERE IS A CHANCE TO GET THESE TWO GREAT BOOKS AT A 25% SAVING

★ "The study is entirely in terms of practical, and not theoretical productivity."—*Boston Transcript*.



TWO BIG BOOKS

The retail price of these books is \$6.50. Yet through a special arrangement with the publishers we are able to offer them to you for only \$4.50 (cash).

Send no money now. We want you to examine and read these books **FREE** for seven days. Then, if you do not find them a wealth of invaluable information, send them back and you will have no further obligation. If you decide to keep them send only \$1 at the end of seven days and \$1 a month for four months thereafter and save 25%!

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Please send me on approval *America's Capacity to Produce* and *America's Capacity to Consume*. At the end of seven days I will either send you \$1, and \$1 a month for four months thereafter, or I will return the books to you and have no further obligation.

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ADDRESS.....

(Full cash with order only \$4.50.)

The business thermometer:

Wholesale prices continued to advance during the first part of April, according to the "Annalist." The index of wholesale prices at the close of the week ending on April 9th was the highest since June 17, 1930. The estimate by the Federal Reserve Board on department store sales for March indicated a more than seasonal increase, but actual comparison with the same period of last year shows 8 percent recession, owing to the late date of Easter this year. The advances in commodity prices were expected to halt before May 1st. The National Industrial Recovery Administration announced that it would soon make known its opinion of price fixing agreements in codes; there being more than a hint in Washington that such programs would not be given further sanction. The advance in car loadings came to an abrupt halt in Mid-April when the heavy ship-

ments from the soft coal areas in anticipation of possible strikes were cut off.

Public works cash: Passage of the nearly five billion dollar works relief measure had a noticeable effect on trade pickup. Consumer-goods markets reported almost immediate improvement in future orders. Coupled with the heavy future expenditures for public works came the report from the New York Federal Reserve bank that corporate earnings for the year 1934 in the New York area were 52 percent above those for 1933. Factory employment and wage payments in New York state also showed gains. In most sections of the country the pre-Easter wholesale business has been quite active and distributors in some lines indicate that retailers were disappointed on fill-in orders received during or just before Holy Week.

Automobile production: Automobile Manufacturers Association reports that the production of motor vehicles during the first quarter of 1935 was the highest since 1929. The estimated increase over the same period last year scores at about 48 percent, the A.M.A. reports. There have been but three years when the motor unit production for the first quarter was higher than for this year. These years are 1929, 1926 and 1924. In this connection it is interesting to note that 188,035 automobiles were financed in February. This financing represented contracts for a total of \$70,178,443.

Steel trade: U. S. Steel Corporation shipments during March were 84,919 tons ahead of February and about 78,000 tons ahead of March, 1934. The March shipments were the highest since 1931. "Iron Age" for April 11 has this to say about the buying in the steel trade:

"Possible price increases in the third quarter are too far away to cause consumers present concern. Besides, pig iron buyers feel reasonably secure against advances because of the low level of scrap prices, while the consuming trade in general continues to hold the belief that any changes that may be made in the N.R.A. or the steel code will benefit the buyer rather than the seller."



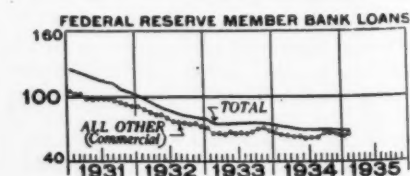
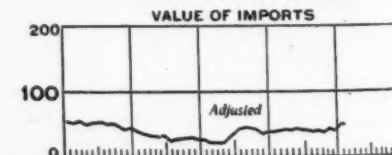
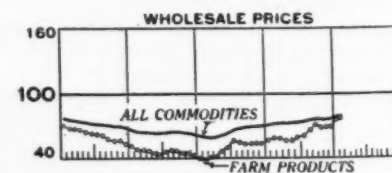
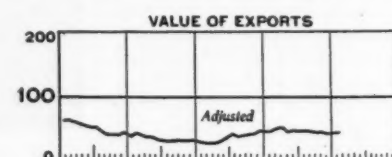
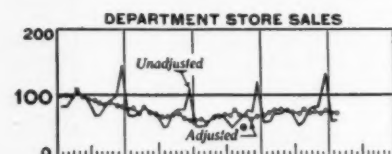
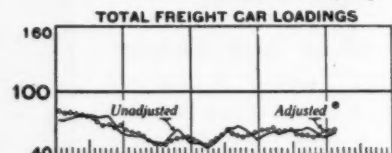
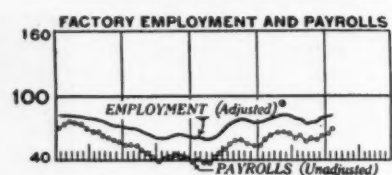
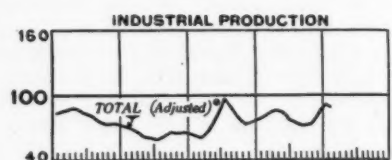
THE old secretary, on which the first John Hancock life insurance policy was signed in 1863, is now preserved at the Home Office of the Company, 197 Clarendon Street, Boston.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

C. F. N. 35

Department of Commerce charts

1923-25=100



CREDIT and FINANCIAL MANAGEMENT MAY, 1935

the insurance carrier, if violated. Clauses requiring closed, locked trucks; two men on the truck; armed guards; and attendance warranties are quite common, and unless your carrier fulfills these requirements at all times, then is the insurance company not liable.

Hence it will be seen it is highly desirable that the manufacturer or wholesaler carry his own Insurance on his merchandise while in transit, whether it be shipped in his own trucks or in those of a common carrier.

A credit analyst replies

(Continued from page 6)

Turnover of Liquid Capital of 5 is too large, showing undue dependence on credit. Turnover of Merchandise of 4 is fair but will not be sufficient to bring a profit.

This utilization of Credit Analysis demonstrates that the retailer's valuation of his inventory is the real weakness or the situation. He is carrying twice as much merchandise as is necessary on profitable for the volume of sales. Notwithstanding his valuation, this merchandise is not worth to the business the amount stated unless it can be sold at retail prices with full profit during the current year.

The growth in Capital of this Retailer has in all probability always shown an undue increase in the Inventory, without corresponding increase in volume of sales. His total gross profits earned in any year is dependent on turning his inventory at least four times a year, but when he has an inventory that only turns 2-2/10 times, he cannot earn enough gross profit to meet his expenses. Added capital would be quickly lost under a continuance of such merchandizing methods.

On the aspect of the protection for a bank loan of \$5,000, there can be no difference of opinion after the balance sheet has been subjected to credit analysis. It is doubtful whether any trade creditor would assume any such large risk as he would want the bank to assume in cases of this type.

The answer to the question propounded is—

This retail merchant is not entitled to Bank Credit, because he has not and is not utilizing his capital properly, and, therefore, the Capacity risk is below par and also because of the fact that the loan of funds to meet trade obligations could never be repaid out of the operations of the business until the Retailer learns to merchandise properly.

It would seem highly advisable that the Wholesaler undertake to teach his customer the primary elements of merchandising forcing him to dispose of all slow-moving stock at the best price available and supervising his current purchases until he gets in more liquid shape.

The Retailer's other trade creditors will generally sympathize and cooperate in such a plan—it is apparently the only constructive one to pursue.

Insurance supervision

"Until the day arrives when it is no longer necessary to regulate insurance institutions, if it ever comes, policyholders should be relentless in their demands that such regulation be efficient. A composite appraisal of state supervision of insurance reveals little that is encouraging.

"In general, with a few notable exceptions, such work is in the hands of political appointees, untrained in the affairs of insurance, hence, totally incapable of advising the Governor or legislature in regard to the type of laws needed to protect policyholders, and incompetent to interpret and administer existing laws," J. A. Robinson of McKesson and Robbins, Inc., recently told the Insurance Conference of the American Management Association.

"The insuring public has much to gain by insisting upon the selection of qualified insurance department officials. I shall not, however, take any side in the rather recent controversy which has raged in the insurance press as to whether a man of insurance experience only, or of general business training including insurance, is the best qualified for the work of insurance supervision.

"Furthermore capable and conscientious state insurance department officials are frequently hog-tied by reason of the meagre funds allocated to them out of the surplus money usurped from the public as previously discussed."

Flunk explained

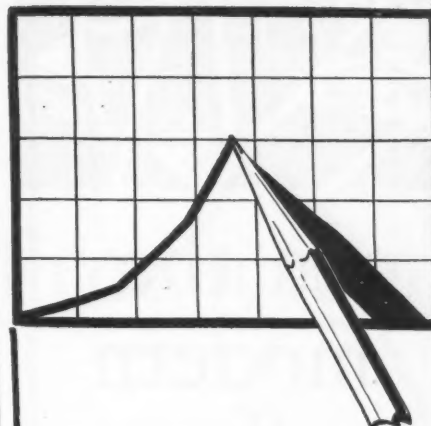
Prof: "A fool can ask more questions than a wise man can answer."

Frosh: "That's why we all flunked."
—Battalion.

Prepare for PITTSBURGH!

40th Annual N. A. C. M. Convention and Fifth Credit Congress of Industry—June 17 to 21

CREDIT and FINANCIAL MANAGEMENT MAY, 1935



Replacement Costs Trend Upward—

IS YOUR insurance protection keeping pace with increased values?

It is very important that your properties be adequately insured in accordance with present day values. Especially if your policies contain a Co-insurance, Average or Contribution Clause.

In these times of mounting replacement costs it is imperative that insurance policies be checked frequently.

And it is wise to place your insurance with the Northern Assurance Co., Ltd.

The Northern is an old line company. It is in its 100th year of operation. During the century it has pursued a steady, honorable and dependable policy and will continue to do so.

There is a Northern Agent in your city. His name and address will be supplied on request.

NORTHERN ASSURANCE CO., LTD.

80 John St., New York

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FIRE INSURANCE AND ALLIED LINES

Ask anywhere in the World what reputation the Northern of London bears.



Insurance digest

Inaugurated because of the credit fraternity's close contact with the insurance field and need of information about it.

Heimann to speak **on insurance**

Executive Manager Henry H. Heimann of the N.A.C.M. made the principal talk at the Insurance Round Table Conference of the Chamber of Commerce of the United States of America in Washington, D. C., on April 30th. His subject was: "Fire and Casualty Insurance from the Viewpoint of the Business Man."

Insurance gains in '34

Fire, marine, automobile and life insurance gained last year over 1933, according to charts prepared by the National Underwriter Company.

Life insurance in force in the United States on January 1 totaled \$104,276,410,173, an increase of \$1,057,290,295, or 1 per cent in 1934, according to the actual figures of 276 legal reserve companies.

Premiums on stock fire and marine companies increased 7.5 per cent in 1934 to \$673,652,295.

Motor vehicle premiums showed a \$12,000,000 gain, the report said, or 16 per cent, to a total of \$87,948,015 in 1934. Stock fire companies on January 1 had admitted assets of \$1,985,824,293, capital of \$313,229,276, a net surplus of \$822,882,017, a \$150,898,722 increase. Foreign fire companies wrote \$104,251,768 premiums in the United

States in 1934. Mutual fire companies, excluding factory and local farm mutuals, wrote \$101,097,358 net premiums and have \$236,089,015 in admitted assets.

Truck cargoes should be insured

The recent survey conducted by the National Association of Credit Men disclosed the fact that whereas 20,248 readers ship by truck, only a small percentage carry insurance on the contents of these trucks.

It seems that the need for this protection is generally overlooked, in spite of the fact newspapers daily record instances of serious losses due to collision, fire, upset and hijacking.

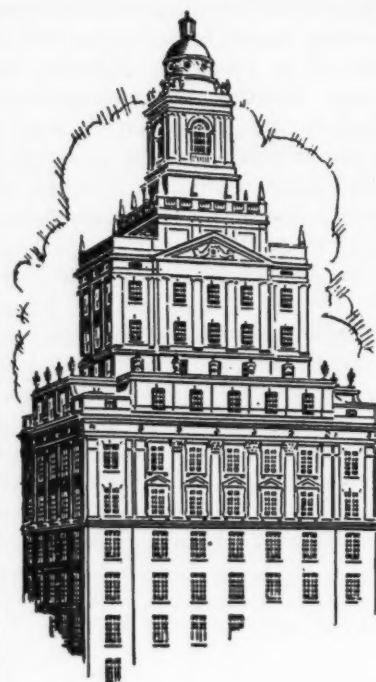
If you, as the owner of your own trucks, are shipping valuable merchandise, you might find that a serious loss would eliminate your profits for a considerable period, whereas the cost of this insurance is so reasonable you can well afford to set aside the small sum needed for the premium.

On the other hand, if you are shipping your merchandise in the custody of a common carrier, it is almost as essential that you have some protection in your own name. How many truck operators do you know who are really financially responsible?

Suppose the good carrier does have an insurance policy to cover his liability. Look at your receipt. Your indemnity may be limited to 50¢ per lb., or \$50. per case or per shipment, whereas the value of your products will usually run far beyond this amount. The carrier is not responsible for so-called "Acts of God," and many losses occur from such causes. Then, most of the carriers' policies contain a 100% co-insurance clause. You have no assurance that the value of your merchandise will not exceed the amount of his policy, and that you will be able to collect in full for any loss you sustain while it is in his possession.

As an example, let us suppose that your truckman carries a policy for an amount of \$3,000. per load. At the time of loss, the actual value of your merchandise in that truck is \$5,000, and it is damaged to the extent of \$2,000. Under the insurance contract, liability is limited to 3000/5000 of \$2,000. or \$1,200. What does this mean? You will endeavor to have your truckman pay the balance from his own pocket, or else stand the burden yourself.

Another important point is the presence of warranties in the truckmen's policies which might tend to void liability of



Insure Your Product Until It Is Safely Delivered

Of what value is it to insure your product against every hazard during its manufacture, if it is destroyed while en route to the customer? The product obviously attains its greatest value when completed and sold. Are you protected right up to the time it is safely delivered?

You need Truck Cargo Insurance whether you ship in your own trucks or via common carrier. Our Local Agent is an expert in this line: let us put you in touch with him.

THE American
INSURANCE COMPANY
Newark, N. J.

Incorporated 1846
Policyholders' Surplus \$11,284,955

An Old Line Stock Company
writing all forms
of Property Insurance

CREDIT and FINANCIAL MANAGEMENT MAY, 1935



In the modern office

An idea and experience exchange on equipment, system and management in the modern credit and business office.

Let there be light

We have frequently commented on the necessity for adequate office lighting. It might, indeed, be suspected that we had a maggot on this subject. Perhaps a psychoanalyst would connect it with some dark deed of our youth. At the risk of earning an even more evil reputation through repetition, we again call your attention to the lighting in your office.

According to Dr. Miles A. Tinker, of the University of Minnesota, high wattage electric light bulbs are not as necessary as we thought.

A minimum of from 25 foot-candles to several hundred has been recommended for home reading. The foot-candle is a unit of illumination arrived at by dividing the candle power of the light by the square of its distance from the illuminated article.

If you are reading this article by the light of a reading lamp shining directly on your paper at about three feet distance and you are using a 60 candle power (watt) bulb, the illumination on your paper amounts to about 6.6 foot candles. Concentration of light by your lamp shade might magnify this figure about four times, giving you roughly an illumination of 25 foot candles.

Dr. Tinker says this is unnecessary and might even be harmful. He states that from 10 to 15 foot candles are ample for normal eyes. The diffusion of the light has much to do with the intensity that may be used. When not well diffused, higher intensities increase glare. This is aided by glazed or shiny paper.

Dr. Tinker recommends 3 to 5 foot-candles for direct lighting with poor distribution; 5 to 10 foot-candles for combinations of direct and semi-indirect illumination; 10 to 15 foot-candles for offices where light is well distributed.

In short, the intensity of light you need is governed by how well this is distributed. Adequate diffusion is essential to avoid eyestrain.

Dr. Tinker's complete report appears in *The American Journal of Optometry*.

Credits for farm areas

(Cont. fr. p. 9) development of a highly centralized branch banking system which will maintain sound credit in the rural regions but fail to meet full credit needs through lack of full appreciation of local conditions. As for a politically controlled system of banking for the rural areas, it would probably fluctuate from one extreme to the other.

A middle course system of private banking under strict government regulation is needed. There should be uniformity among State and national banks, and State chartered banks should find it so advantageous to hold membership in the Federal Reserve system that they could not afford to stay outside. In order to give prompt service to all small communities without again increasing the number of banks, a branch banking system on a small regional scale could be instituted. City-wide branch banking is now permitted by the Federal government in States permitting branch banking under State charters. Why could there not be country-wide branch banking as a matter of general banking practise in the rural areas?

In 1928, the 254 counties of Texas had five and one-half banks each as an average. In the more populous farming regions the average county had ten or fifteen banks. Little places of 500 and 1,000 population needed banking service, and government regulations made it easy to establish. The rigors of the recent financial depression have deprived many of these small places of banks and in many other places banks are destined to go in the present system and conditions are perpetuated. Most of these little banks that have survived are now in liquid condition, but their stock holders can not go on forever without dividends.

A system of county-wide or limited regional branch banking, would continue to give banking service to these

small places through branches, yet without removing the control of the central institution from the immediate region. There would still be that understanding of legitimate credit needs based on first hand information. Through a strengthened and reorganized Federal Reserve system these small systems could be served from above and they would serve their branches below. It might prove to be the ideal system for the rural areas.

The foregoing is thrown out as one suggestion only, and not as a cure-all for the banking and credit problem in the rural areas. The main argument is that the whole field of credit for the agricultural regions, after much discussion in the early part of the depression and even in the eight years preceding the depression, is now receiving declining attention, or at least being confused with the credit problem as it applies to urban and industrial needs.

The giving of a new, sound banking and credit system to the farmer will not solve his economic problems, of course, but it will make recovery on the farm much easier than it might be otherwise, and after recovery has been attained such a system would be a bulwark against recurrence of disastrous depression. Give the inherently stable farming industry a system for extension of full but sound credit and the future financial jolts of the country will be appreciably softened.

Found

"Lady's purse left in my car while parked. Owner can have same by paying for this ad. If she will explain to my wife how the purse got there I will pay for the ad myself.

"Phone M-123 League City."

—Malteaser.

The Credit Man

If he refuses an account, he's crazy. If he accepts, he's easy. If he asks questions, he's suspicious. If he doesn't, he's a trusting soul. If he makes you pay, he's unfeeling. If he lets it run, he's careless. If his percentage of loss is high, he's no good. If it is low, he won't take a chance. If he raises a kick, he's a crab. If he keeps alive, he doesn't know he's alive. If he wants to increase departmental expense, it's absolutely unnecessary. If he stays in the old rut, some young hot-air artist gets his job. There are born salesmen, born buyers; but who in Kingdom Come ever heard of a born Credit Man?

—"Debits and Credits"

The lucky four

At the bottom of the depression, in 1932, only four industries were making profits: public utilities, foods, tobacco products, and chemicals. In all industrial groups in that year small corporations were relatively worse off, on the average, than large companies," a recent survey by the National Bureau of Economic Research reveals.

"The deficit accumulated during the years of depression had its effect upon the capital, assets, and condition of American corporations. Failures, reorganizations and write-downs mounted as profits fell and losses rose. But in contrast to the severity of the recession the extent of readjustment manifested through insolvencies and revaluations seems small. There are indications here of an important element of inertia, the influence of which must find a place in any explanation of the events of the last few years.

"The rise from 1932 to 1933, while not eliminating losses in the aggregate, placed many manufacturing groups on a profitable basis, and decreased the deficits of other industries. The earnings of but four industries were lower in 1933 than in 1932; and two of these showed profits in both years.

"Cash dividends continued to fall. Not until 1934 did these lagging payments reflect the upturn of the preceding year.

"In brief, 1932 was definitely the low point in the average earnings of business enterprise. The year 1933, with a few exceptions, showed considerable improvement over 1932 (chiefly in the form of a reduction in losses), and it is probable that 1934 was more favorable.

"Here are reflected the effects, upon business enterprise, of the interaction between the situation created by the preceding years of decline and the new factors injected into the scene of 1933. While business in the aggregate was not yet on a profitable basis in 1933, or perhaps even in 1934, fears of the end of the profits system must, in the light of the figures, be modified.

"Industry has always revealed great powers of adaptation and recuperation. What we find today constitutes no exception to this experience."



Prepare for PITTSBURGH!

40th Annual N. A. C. M. Convention
and Fifth Credit Congress of
Industry—June 17 to 21

You Share in Quantity Production

when you buy

N. A. C. M. STANDARD FORMS

Financial Statements, Operating Statements, Trade Acceptances, Enclosure Cards and other N.A.C.M. Standard Forms are published in large quantities to enable exceptional savings to credit executives. Even the work of imprinting these forms with the name of your corporation is handled on a standardized plan to bring these forms to you at low cost.

You Have a Choice of Four Financial Statement Forms

These are designed to cover practically every type of business from the smallest merchant to the department store, jobber or manufacturer.

COMPLETE SAMPLE BOOK SENT FREE

The best way to determine how easily Standard N.A.C.M. Forms can be used in your credit and collection work is to look over samples. We shall be glad to mail a complete book of samples upon request.

Publications Department

National Association of Credit Men

One Park Ave.

New York City

Advertising's best friend is the Credit Executive

By R. A. SORENSON, R. C. Comer Advertising Co., Chicago.

OF A firm that is not making use of the all-around abilities of its credit executive is badly handicapping itself in the competition for profitable sales.

A writer in the January *Monthly*

News Bulletin said: "Give the Credit Man a Chance." I say: "Use the Credit's Man's Brains," and I say so from the point of view of an advertising man and merchandiser.

About three years ago I prepared an

advertising campaign for a Chicago meat packer in which the sales possibilities was a mighty important angle. Dealer outlets were counted and we knew to a pound how much of that packer's products each would have to sell in order for the campaign to pay out.

It all looked fine until the credit manager pointed out the one weak link which everybody else had overlooked.

He said: "1,500 or 25 per cent of all those 6,000 dealers are already up to the limit of their credit."

And we realized that even if the salesmen were able to sell these 1,500 dealers the net result would be to increase costs because such orders would be turned down. Furthermore, we realized that unless these dealers were not part and parcel of the undertaking, the success of the advertising campaign would be less assured.

And do you know who got us out of the hole? None other than this same Credit Manager.

"Here's my idea," he explained. "Hold up the campaign until I give the word; and that will be the day after I have completed a thorough drive for collections. We run these 1,500 accounts right up to the limit, watch them carefully and make a profit from them. It will be profitable for them to tie in with the advertising campaign when it comes along, and I promise you that if you will delay a few weeks I will have these accounts in a position which is safe for them to buy and for us to sell."

The collection campaign was put on and the merchandising campaign postponed until the Credit Manager reported the success of his "mop up" efforts. Thanks to him, the sales campaign went over the top.

I'm firmly convinced that more firms should see to it that their Credit Manager is made a part of the picture when sales and advertising plans are being discussed. He will see things that are apt to be overlooked by men interested only in the sales end. When he does, they may be corrected before any serious damage is done.

If this were a general practice there

GREAT AMERICAN INSURANCE COMPANY - GREAT AMERICAN INDEMNITY COMPANY	
Great American Insurance Company New York	
INCORPORATED - 1872	
HOME OFFICE, ONE LIBERTY STREET, NEW YORK CITY	
STATEMENT, DECEMBER 31, 1934	
ASSETS	
Bonds	\$12,520,184.00
Stocks	24,045,439.00
Cash in Banks and Office	1,934,842.82
Premiums in Course of Collection	2,468,686.48
(not more than ninety days due)	
Other Assets	300,667.06
TOTAL ASSETS	\$41,269,819.36
LIABILITIES	
Reserve for Unearned Premiums	\$13,862,322.17
Reserve for Losses and Loss Expenses	1,645,062.06
Reserve for All Other Liabilities	884,308.16
Capital Stock	\$8,150,000.00
Surplus	17,228,126.97
POLICYHOLDERS' SURPLUS	25,378,126.97
	\$41,269,819.36
Bonds are carried on an amortized basis prescribed by the New York Insurance Department. Stocks are carried at December 31, 1934 market quotations. On the basis of December 31, 1934 market quotations for all Bonds and Stocks owned, the total Admitted Assets would be increased to \$41,462,976.36 and the Policyholders' Surplus to \$25,571,283.97. Securities carried at \$1,364,842.00 in the above statement are deposited as required by law.	
DIRECTORS	
EARL D. BABST.....New York City Chairman of the Board, American Sugar Refining Company	PERCY H. JOHNSTON.....New York City Chairman of the Board, Chemical Bank & Trust Co.
H. DONALD CAMPBELL.....New York City President, Chase National Bank of New York	WILLIAM H. KOOP.....New York City President, Great American Insurance Com- pany
ARTHUR O. CHOATE.....New York City Clark, Dodge & Co.	CHARLES S. MCCAIN.....Chicago President, United Light & Power Co.
JOHN M. DAVIS.....New York City President, Delaware, Lackawanna & West- ern Railroad Co.	SAMUEL McROBERTS.....New York City ALEXANDER R. PHILLIPS.....New York City Vice-President, Great American Insurance Company
OTTO L. DOMMERICH.....New York City L. F. Dommerich & Co., Commission Merchants	JESSE S. PHILLIPS.....New York City Vice-President, Great American Insurance Company; Formerly Superintendent of In- surance of New York
WILFRED W. FRY.....Philadelphia President, N. W. Ayer & Sons, Inc., Ad- vertising	ARTHUR REYNOLDS.....San Francisco Vice-Chairman, Bank of America National Trust & Savings Association
JOHN A. GARVER.....New York City Shearman & Sterling, Attorneys	HOWARD C. SMITH.....New York City Estate Trustee
EUSTIS L. HOPKINS.....New York City Ritchie, Fehrer & Co., Cotton Goods Commis- sion Merchants	PHILIP STOCKTON.....Boston President, First National Bank of Boston
[The Great American Insurance Company and its affiliated companies of the Great American Group write practically all forms of insurance except Life]	
AGENTS THROUGHOUT THE UNITED STATES	
AMERICAN ALLIANCE INSURANCE CO. - ROCHESTER AMERICAN INSURANCE CO.	

would be fewer headaches after campaigns are under way, because we all know that it costs real money to have salesmen bring in orders only to have them rejected for credit reasons.

In the years I have been in the advertising agency business, I have learned to value the personal assistance of the credit executive in the matter at hand. Furthermore, I confess a great relief to know that the advertiser has a man on the job who knows his business, who will keep the money coming in and at the same time build up good will in the trade. That's a big job, and those companies which recognize its importance will find it a lot smoother sailing when they launch their next advertising campaign.

—Chicago A. C. M. Bulletin.

The need for a unifying purpose

From an address by
Sec. Henry A. Wallace

"The odd thing is that those who have the most to gain by unrestricted competitive capitalism, are usually the first to interfere with it. When, for example, the merchants and manufacturers of Hamilton's day first sought the use of governmental powers to protect themselves from foreign competition in the home market, they made serious inroads upon the principle of competitive capitalism. They and their descendants continued to praise free competition, but they voted for government protection against free competition.

"When one economic group profits from the use of governmental powers, the remaining groups can hardly be expected to sit idly by. Certainly not, at any rate, when they see that the favored group's new powers bear unfairly upon them. In self-defense, if for no other reason, they must demand comparable governmental powers.

"The labor leaders must come to see that there is a point beyond which labor cannot go in raising wages and reducing hours. Farm leaders must come to see that there is a point beyond which farmers cannot go in reducing acreage and raising prices. Business leaders must come to see that the common people will not stand for curtailment of production to two-thirds factory capacity in order to secure abnormal profits, when by running the factories to full capacity the business will give normal profits."

Piecework

Piecework compensation must be computed at least once in 7 consecutive days and yield not less than the minimum hourly code rate multiplied by the number of hours worked in the period covered, according to a ruling in January, 1935, of the National Industrial Recovery Board. If hardship results from the application of this ruling, because of peculiar circumstances or methods of operation, the employer affected is given the right to apply for an exemption.

1935: Credit Interchange Year

What is a "lay-off"?

Employers under industrial codes must compensate labor for interruptions to work beyond their control if such workers are required to be present and ready to work. In the administrative order of the National Industrial Recovery Board establishing this principle four causes of interruption are listed over which the employer presumably has no control. An employer may not avoid computing payment for interruptions by notifying an employee "that he is free to leave for an interval too brief reasonably to be considered a temporary lay-off."

How America's Smart Insurance Buyers Buy

The insurance buying practices survey recently made among the membership of the National Association of Credit Men revealed some startling facts. It showed that there are ways of saving some insurance costs without reducing the quality and completeness of your insurance coverage.

For instance, it is more economical for you to employ one good insurance man, entrusting all such problems to him. The research proved, beyond shadow of doubt, that to split your insurance among several agents or brokers is more costly and may affect the quality and completeness of your insurance coverage. Further, if you have not had a survey made of your insurance and insurable hazards in the last three years by a competent insurance analyst, such a survey may result in far more complete coverage for considerably less than you are now paying for your insurance.

Pioneers more than two centuries ago in founding the fire insurance industry, The London Assurance, with its associated companies, still stands among the leaders in the development of better insurance methods Would you like to learn more about this research? Dictate a note to us now.

The
LONDON ASSURANCE

The
MANHATTAN
Fire and Marine Insurance Company

The
UNION FIRE
Accident and General Insurance Company

99 JOHN STREET

NEW YORK



Answers to credit questions

Conducted by E. B. Moran

The National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in *Credit and Financial Management*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principle of law involved.

Dealer liability

Here are two hypothetical questions on which I would like to have your comments:

Q. No. 1: In the case of a manufacturer receiving a dealer's order for shipment of material by the manufacturer in the amount of \$1,000 it so happens after shipment has been made that the dealer gives to the manufacturer a payment order for \$1,000; said payment order being made out by the dealer to the construction company to whom the dealer sold the goods and the payment order is properly accepted by the construction company.

The point is this: In accepting the payment order on the construction company can the manufacturer still hold the dealer liable for the payment of the account if the payment order is never honored?

No. 2: Would the same thing apply if instead of a payment order a regular assignment was made?

A. The answer to both questions depends entirely upon the form of the instrument used and the intent of the parties. Neither an order for payment or an assignment of moneys due or to become due would ordinarily release the dealer from payment of his debt. If, however, such order or assignment were executed and delivered by the dealer as payment of the account, and the person in whose favor the same were issued agreed to look to the construction company for payment, it is quite likely that the dealer would be released.

W. Va. corporation report

Q. One of my customers operating as a corporation in the State of Virginia has discovered that he has failed to file his annual report to the State and is quite concerned with regard to it. In addition to informing him as a matter of credit justification, we are curious to know what the penalty is in the State of Virginia for failing to file an annual report.

A. The penalty in the State of Virginia if a corporation fails to file its annual report is from \$25 to \$50 a year. The Corporation Trust Company further advised us, however, if the report is not long overdue, the penalty probably will not be imposed, if the report is filed with a reasonable explanation for the failure to previously record it.

Bank vs. trade credits

(Cont. from p. 7) he should be able to operate on a reasonable profit basis under normal conditions. Unless he has these qualifications, he is merely managing the business for his creditors—at the latter's risk.

This may be heresy, but a study of the various codes would lead to the conclusion that the vast majority of industries feel that the biggest problems come from those sub-marginal members and customers who can operate profitably only on unreasonable concessions either from labor or sources of supply, or both.

We do not mean, of course, that there should be no need for bank loans. Nearly all business will have certain seasons of the year when collections are sub-normal or will have certain peak loads of business for which materials must be bought and labor paid—a period of possibly several months before these orders can be cashed in.

Such problems, of course, are legitimate ones to present to the bank, providing the client can demonstrate to the bank that the situation necessitating a loan will have ceased to exist by the time the loan matures and that the returns from these orders will have come in in time to retire the loan.

This, however, is an entirely different problem from that of the concern which is just plain short of working capital. In the latter case there is usually, though not always, some mismanagement. This may take the form of op-

erating losses or it may take the form of over-expansion, either one of which is up to the management. It would seem that their solution is to be found not in borrowing money from the bank, but in elimination of excessive costs; reduction of the volume to a point which can be carried by the capital, or additional permanent investment.

If it is impossible to accomplish one of these three corrections, it does not appear that the concern has any legitimate function or place in its field, and it should be weeded out and the field left to some one who is able to operate in a safe relationship to his creditors and his community.

Tying this in with the question before us, we find the ramifications of these problems constantly wrinkling the brow of the banker in his efforts to decide whether it is wise to lend out certain of the trust funds in his possession.

The Mercantile Agency reports on certain concerns who have secured loans from the Reconstruction Finance Corporation or from The Federal Reserve Bank furnish excellent illustrations for our point. R. F. C. and Federal Reserve aid presumably is given direct only to deserving companies which have been unable to secure loans thru their own banks; therefore, an R. F. C. loan presupposes prior grief for our friend, the banker.

One beautiful case study is that of a certain manufacturing company. The figures quoted are from audited statement submitted by the company officers. The amounts have been changed to prevent identification, but the relative proportions are correct.

This company, several years prior to 1930, executed a compromise with creditors, paying 40¢ on the dollar or less. Emerging from this situation with a net worth of about \$500,000, they lost money consistently every year, including the remaining years of that glowing period immediately preceding 1930. Finally, at the end of 1933, they were down to a net worth of \$250,000.



CREDIT and FINANCIAL MANAGEMENT MAY, 1935

During 1934, they were successful in borrowing a substantial sum from the R. F. C. Their 1934 statement shows the net worth to be \$25,000 higher than in 1933, but only after giving effect to a re-appraisal of fixing assets which raised the valuation of buildings, machinery and equipment to a point \$80,000 higher than the figures of the previous year.

In other words, they had continued to lose heavily in 1934. The working capital, with the R. F. C. loan included among the liabilities, was practically non-existent. In addition, the auditors' report showed that half of the accounts receivable listed as current assets were pledged with the R. F. C.

Would you, as a commercial credit man, presumably instructed to take reasonable risks, want to extend credit to a company which had compromised for a substantial extent with creditors, then continued to lose money consistently over a period of years, during which time, without a single year's interruption, it lost more than half of its entire investment and had clearly demonstrated the inability of the organization to operate successfully, completing the period with its most liquid assets pledged as collateral?

It is doubtful whether you would care to explain such extension to your management.

How much more unreasonable then would it be to expect a bank to loan some one else's money (which is apt to be called by the depositor at any time)? I should dislike very much to have my funds tied up in a bank that would make such a loan and so would you.

Granted, the case cited above may be somewhat abnormal. It would seem, however, that we are thoroughly justified in believing that a great many other loans for which application has been made to the bank have come under more or less the same general classification.

Naturally, we hear little of this side of the story. The men or companies applying for such loans are not telling why the loan was refused. It is merely reported as refused.

Possibly you yourself may have contributed unintentionally to the situation. If you will look back at your experience within the last few years, you may find instances where you had an account with whose performance you were not any too well satisfied, and in whose future you did not have any too much faith. You may have suggested that the customer apply to the bank for a loan. Just think it over carefully. Was it a

bank loan that he needed, was it better business administration, or was it permanent working capital? And was the bank roundly cursed by either you or the customer?

Yes, Mr. Editor, I still have a lot of sympathy for the bank credit man.

Durable—producers goods hard-hit

(Continued from page 26) than was the case for textiles, leather, rubber, lumber, paper, stone, and metals.

A table from the study follows:

ANNUAL PROFIT RATIOS FOR EACH OF SIX INDUSTRIAL DIVISIONS AND FOR ALL COMBINED

	Agriculture	Mining	Manufacture	Construction	Trade	Service	All Six Divisions
1910	5.64	3.78	6.69	3.65	3.99	5.23	5.64
1920	-1.63	5.70	4.13	2.33	1.20	4.34	3.22
1921	-7.97	-6.72	-1.23	.13	-.55	2.26	-1.21
1922	.027	-.69	5.04	1.67	2.05	3.27	3.57
1923	4.20	-1.68	5.49	2.60	2.50	4.50	4.06
1924	-.62	-1.97	4.34	3.47	1.94	4.31	3.12
1925	1.14	3.83	5.18	4.14	2.06	5.13	3.96
1926	.81	4.74	5.00	3.19	1.70	3.76	3.70
1927	.93	-.21	4.04	3.00	1.60	2.75	2.95
1928	2.68	2.46	5.00	2.76	1.77	2.66	3.63
1929	1.41	4.64	5.35	2.98	1.43	3.11	3.84
1930	-7.41	-2.19	1.31	1.74	-.41	.75	.57
1931	-17.50	-11.80	-2.24	-1.70	-2.00	-3.65	-2.55
1932	-24.40	-13.90	-5.97	-7.95	-3.62	-13.80	-5.85
1933*	-12.60	-10.10	.63	-6.40	-.21	-9.93	-.87

*Preliminary.

(Business Research Studies No. 10, Harvard University School of Business Research, Boston, Mass., 50 cents.)

WHO HAD TO PAY?

THE CASE: Canned goods packed in South America. Imported by a great distributing house. Sold to a chain store. Resold to a customer. The customer sued, alleging that the canned goods contained a piece of tin, which he swallowed.

THE VERDICT: Distributor and chain store held jointly liable. Both had to pay.

THE REMEDY: Products Public Liability Insurance. Is your company protected?

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY COMPANY

with which is affiliated

F. & G. FIRE

FIDELITY & GUARANTY FIRE CORPORATION

Home Offices: BALTIMORE



"Consult your Agent
or Broker as you would
your Doctor or Lawyer"



Court decisions



PETITION and proceedings thereon—who may file voluntary petition—debt extension proceedings—possession of security by debtor is necessary to relief under debt extension provisions of act.

Actual or constructive possession of the security by the debtor is a prerequisite to relief under section 74 of the Bankruptcy Act authorizing debt extension proceedings.

IN THE MATTER OF KAMENS QUALITY MARKETS, INC., BANKRUPT. (27 A B R (N.S.) 184).

Petition for review of order of referee dismissing reclamation proceedings. Affirmed.

Whether a particular transaction is a bailment or conditional sale is a question of fact.

Where reclamation proceedings are brought against a trustee in possession of personal property, the burden is upon the claimant to show title.

The question of whether a transaction is a bailment or conditional sale turns upon what it really is, not upon what the vendor or vendee or both of them may say it is.

A contract which provides for the "lease" of an automobile for a total "rental" of \$952, the cash price for which is \$827, and which provides for \$268, as "rental" for the first month and \$38 a month for the next seventeen months, with option to purchase at the end of eighteen months on the payment of \$1, and which contains a provision that the "lessor" may "resell" the car upon the happening of certain events, does not show ownership in the "lessor" which will entitle it to maintain reclamation proceedings against a trustee in bankruptcy in possession.

HAMILTON GAS COMPANY, APPEL-LANT, v. E. McLAIN WATTERS ET AL., APPELLEES. (27 A B R (N.S.) 90)

Appeal from order of the District Court of the United States for the Southern District of West Virginia approving a creditors' petition in corporate reorganization proceedings. Reversed and remanded.

Sections 77A and 77B of the Bankruptcy Act regarding corporate reorganization became effective on June 7, 1934, the day of approval by the President.

It is the priority of the adjudication and not priority in filing of the petition, which determines the right of the court to retain jurisdiction as against another in which a petition has also been filed.

The court in which a voluntary petition for reorganization is filed by a corporate debtor under Section 77B of the Bankruptcy Act takes jurisdiction of the case. Although a creditors' petition had been filed the day before in another district.

It is no objection to a creditors' petition filed in corporate reorganization proceedings

by a creditors' committee that it was not accompanied by instruments of assignment of bonds or by affidavit setting forth the true consideration of assignment of creditors' claims.

J. M. CHANDLER ET AL., APPEL-LANTS, v. EDWIN F. PERRY, TRUSTEE OF THE ESTATE OF RAY L. MARTIN, BANKRUPT, APPELLEE. (27 A B R (N. S.) 5)

Appeal from order of the District Court of the United States for the Eastern District of Texas overruling motion to suppress summary proceeding and directing referee to take further steps conformably to law. Affirmed.

Summary process may be used to obtain possession of all property of the bankrupt which was in the bankrupt's possession at the time the petition was filed or which was then held by others for him or by others under a merely pretended or colorable claims, or to recover possession of property which has been in the court's possession and has been wrongfully taken away.

To recover property adversely held by a third person at the time the petition was filed, though under a title which is asserted to be fraudulent or otherwise void, or to recover a debt or other chose in action of which the court could not have actual possession, a plenary suit must be resorted to.

In all proceedings to recover the possession of property summarily there is preliminary jurisdiction to inquire into the nature of the defendant's possession and into any adverse claim so far as to see whether it is more than colorable.

The referee has jurisdiction to determine in summary proceedings claims to a gas and oil leasehold in the possession of the trustee in bankruptcy.

IN THE MATTER OF PLAZA MUSIC CO. INC., BANKRUPT. (27 A B R (N. S.) 27)

Petition for review of referee's order reducing amount of claim. Affirmed.

If notes given by debtor as part of a composition pursuant to the Bankruptcy Act are not paid, the original debt is not revived; the creditors' only rights are on the notes.

Where part of common-law composition agreement was that one creditor's claim should be subordinated by converting it into a capital investment, the other creditors, upon non-payment of the composition notes and the bankruptcy of the debtor, may prove only for the unpaid balance due under the composition, and not for the unpaid balance of their original claims.

IN THE MATTER OF CONEY HOTEL CORPORATION, DEBTOR. (27 A B R (N.S.) 176).

Petition by debtor corporation seeking possession of property in hands of a state receiver and to restrain proceedings by state superintendent of insurance for reorganization of debtor corporation and to require him to furnish list of certificate holders under mortgage on debtor's property. Orders in accordance with opinion.

Where proceedings have been instituted by a corporation for reorganization under section 77B of the Bankruptcy Act, the bankruptcy court has authority to restrain a state superintendent of insurance, who has been appointed rehabilitator of a bond and mortgage company which has guaranteed the mortgage of the debtor corporation, from continuing proceedings for the purpose of securing judicial approval of a plan of reorganization of the mortgaged investments in said mortgage.

The provisions of section 77B of the Bankruptcy Act regarding the reorganization of corporations give the bankruptcy court exclu-

sive jurisdiction regardless of prior proceedings instituted in a state court.

Where the balance sheet of debtor corporation shows total assets, in round numbers, of \$2,502,000, while guaranteed first mortgages, taxes, and fees totaled \$860,000, there is sufficient equity for junior mortgages, unsecured creditors and the debtor itself to entitle the debtor to the benefit of the reorganization provisions of the Bankruptcy Act.

Where a petition is filed in apparent good faith for reorganization of a debtor corporation under section 77B of the Bankruptcy Act, the debtor should have a reasonable opportunity within which to submit a plan of reorganization although it is claimed by opposing interests that any plan of reorganization submitted by the debtor would be futile.

The future of Pittsburgh

Cont. from page 17) in Allegheny county (Pittsburgh) in 1929 amounted to \$546,240,700, or \$420.89 per capita.

As a city of scenic beauty, as an educational center, as a city of homes and sunshine, as an industrial and commercial center of no mean importance—but especially as a convention city confident of its ability to meet fully your every demand upon its hospitality—Pittsburgh awaits with delighted anticipation the coming of the credit men here in June.

Time to retire

Proud Mother: "Yes, he's a year old now, and he's been walking since he was eight months old."

Bored Visitor: "Really? He must be awfully tired."

—Lafayette Lyre.

No outings

Teacher: And how many of you children want to go to heaven?

The children all raised their hands but Junior.

Teacher: Why, Junior! Don't you want to go to heaven?

Junior: Please, ma'am, my mother told me to come right home after school.



CREDIT and FINANCIAL MANAGEMENT MAY, 1935

The business man's dilemma

The business man finds himself in a strange situation. If he is unable to make money under present conditions, the Research and Planning division of NRA labels him as inefficient. If he manages to squeeze out a profit and stay in the black, the Consumers' Advisory Board of NRA looks upon him with official suspicion. If he has money in the bank, Mr. Huey Long of Huey Long, Inc., wants to divide it up with someone else. If he is considered successful and he has been able to build up a good institution that really amounts to something, Mr. Papa Coughlin labels him as a plutocrat and one of the preferred classes. And incidentally, I wonder if Mr. Papa Coughlin's idea is that a guy has got to be a failure to get into Heaven?

If he wants to develop his business beyond his state borders, Mr. Green of A. F. of L. wants to slap a thirty-hour week on them. If he comes to Washington to defend himself against his enemies, he is labelled a lobbyist. If he isolates himself from the rest of his craft, then his Code Authority says he is a recalcitrant. If he gets together with other business men and tries to

share the work and share information with his conferees, some Senate committee will get him as a conspirator.

If his code works, that is considered suspicious. If the code doesn't work, that is also considered suspicious. If he shortens hours and raises wages, then the Labor Department of NRA wants to know why he didn't do it before. If he loses money ten years running and then in a good year tries to recoup some of his loss, he is a profiteer. If he gets mad at somebody and fixes his prices low enough so that he eliminates the competitor, he is a crook and the Clayton Act will get him. If he tries to co-operate with his fellow craftsmen, however, and sets a fair price for his commodity so that everyone can employ labor and maintain hours, why then he is a price fixer. When he is selling goods and fixes his prices, he is a price fixer, but when he is buying goods, can conspire with any or all of the other buyers to fix the price by coercion of the seller and the Consumers' Advisory Board will applaud him.

If he has a surplus, the government will try to take it away from him by taxes and if he hasn't a surplus, then the government wants to know what he did with the surplus that he should

have had. If he has a good code, someone wants to amend it or add it to on some other code that isn't so good. If his labor is satisfied, that is an indication that he has got an ace up his sleeve. If he answers his critics, he is an alibi artist. If he doesn't answer them, then they say he is afraid of them.

He is constantly on trial by a jury of his sneers. What does he do about it?

He keeps on going as he always has. He does not lie down in green bureaucratic pastures and guess at the future. He faces each day with its new problems and rejoices in his soul, because and notwithstanding the sneers and jeers of leather-lunged radio, political, socialistic, pencil pushing panhandlers, he knows that his generation of business men have faced the greatest test that ever confronted the business men of any nation in the history of the world, that they have bucked the line of depression and broken it. He is able to live with himself. He needs no apology. He is a part of a great and efficient army of patriotic men doing a patriotic job in the public interest. He need not worry about the alley dogs and cats who scratch, snarl, bark and meow at him. He is too busy marching on. News letter of Nat'l Stationers Assn.

Every Collection Letter Can Be Personal.

● Every credit manager knows that personally dictated letters are more effective in making collections than any type of processed letters. He would use them entirely were it not for the fact that it would be impossible to get the work out on time. Furthermore, the cost of individually transcribing personally dictated letters is too great.

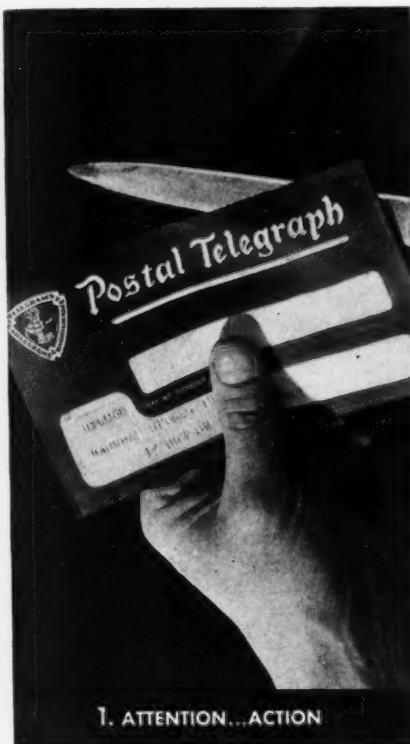
But there are some credit managers who have worked out a system of letters which produces practically the same results as dictated ones. First, they select the most effective and best dictated letters that they have used. Then by changing names, dates, amounts, and a few other words they make that letter do for hundreds of other customers. The letters are changed frequently and are *individually typewritten* by the Auto-Typist.

The Letter Selector Auto-Typist carries up to a dozen letters which may be selected at will by the operator. One typist can turn out up to 200 short letters a day—each one as effective as though individually dictated.

Should you wish to try out this plan yourself, we have a very liberal proposition by which you can do so. Let us tell you about it.

AMERICAN AUTOMATIC TYPEWRITER CO.
608 North Carpenter Street **Chicago, Ill.**

50¢ POSTAL TELEGRAM COLLECTS \$7,100 in 1 DAY



1. ATTENTION...ACTION



2. PAID IN FULL



3. A GOOD DAY'S WORK

Among the various records of collections disclosed to us by Credit Managers is this: "A 50c telegram recently collected the same day a total of \$7,100."

Full details of this transaction are available to you if you are interested. The point is, have you considered the action-compelling power of Postal Telegrams in your work?

Just check these advantages of Postal Telegram collection telegrams: they are speedy, go direct to the man addressed, command his immediate attention, stress imperative need of payment, urge him to immediate action, and cost little.

Postal Telegraph cooperates with

you in obtaining answers to collection requests sent by telegraph... money order transfers are enclosed with each one, and stickers are pasted on, advising that an immediate reply is wanted.

Have you a copy of the helpful Postal Telegraph leaflet containing 27 tested collection telegrams? These telegrams were gathered in cooperation with "Credit and Financial Man-

agement." They have all proved successful in actual use. Ask today for your copy, "Collection of Overdue Accounts by Postal Telegraph."

Postal Telegraph is the only American telegraph company that offers a world-wide service of coordinated record communications under a single management. Through the great International System of which Postal Telegraph is a part, it reaches Europe, Asia, The Orient over Commercial Cables; Central America, South America and the West Indies over All America Cables; and ships at sea via Mackay Radio.



THE INTERNATIONAL SYSTEM

Postal Telegraph

Commercial
Cables



Mackay Radio

All America
Cables



LOFTS & LOSSES

Paying losses from lofts or warehouses is not the usual insurance company procedure. Royal-Liverpool Companies, however, are always ready to meet any emergency. The "Royal" and the "L. & L. & G." buildings and the office of the Queen were consumed by the flames that destroyed San Francisco in April, 1906. The above picture shows one of our temporary offices set up in a loft for the purpose of paying losses while the city still smouldered.

There were 243 companies involved in this conflagration. As regards only five of them, did a nationally recognized authority comment as follows: "Paid all claims in full, immediately on adjustment, without discount. Only four other companies (other than those whose loss was nominal) settled as liberally. Treatment of claimants courteous and entirely satisfactory." Of these five, three were Royal-Liverpool Companies: the "Royal," "L. & L. & G." and "Queen" which together paid out losses exceeding \$13,600,000.

ROYAL-LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA
THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA
FEDERAL UNION INSURANCE COMPANY • THE NEWARK FIRE INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • STAR INSURANCE COMPANY OF AMERICA